



Advisory Brochure
(Part 2A of Form ADV)
June 5, 2014

Columbia Wanger Asset Management, LLC

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This brochure provides information about the qualifications and business practices of Columbia Wanger Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (312) 634-9200. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Columbia Wanger Asset Management, LLC is an-SEC registered investment adviser. This registration does not imply a certain level of skill or training. Additional information about Columbia Wanger Asset Management, LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Material Changes Summary

This Brochure, dated March 31, 2014, has been updated to reflect important information related to changes in our business practices from our last Brochure dated March 28, 2013.

While there have been no material changes to the report from the previous annual amendment, we have made certain routine updates.

A copy of our current Brochure may be requested from shareholder services or by calling (312) 634-9200 at any time, without charge.

Additional information about Columbia Management Investment Advisers, LLC is also available via the SEC's web site www.adviserinfo.sec.gov. The SEC's web site also provides information about any persons affiliated with Columbia Wanger Asset Management, LLC who are registered, or are required to be registered, as investment adviser representatives of Columbia Wanger Asset Management, LLC

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ADVISORY BUSINESS

Columbia Wanger Asset Management, LLC (operating as a limited partnership prior to May 1, 2010) (“Columbia Wanger”), and investment adviser registered with the U.S. Securities and Exchange Commission, serves as the investment adviser for the Columbia Acorn Funds, the Wanger Advisors Trust and other institutional accounts. Columbia Wanger and its predecessors have managed mutual funds, since 1992.

Columbia Wanger, a Delaware limited liability company based in Chicago, Illinois, is wholly-owned by Columbia Management Investment Advisers, LLC (formerly known as RiverSource Investment, LLC) (“CMIA”), a Minnesota limited liability company. CMIA is a wholly-owned subsidiary of Ameriprise Financial, Inc. (“Ameriprise Financial”). This disclosure document describes the investment advisory services offered by Columbia Wanger and in this disclosure document, “we,” “our,” “us” and similar words mean Columbia Wanger. We are providing this disclosure document to persons who receive or who may receive investment advisory services in order to ensure compliance with the Investment Advisers Act of 1940, as amended (the “Advisers Act”).

Our General Services

Columbia Wanger provides professional management of global equity assets using in-house resources to seek superior long term results. We follow a fundamental, research-intensive investment style characterized by unconventional stock picking and multiyear time horizon. We seek to build wealth for our clients and communicate clearly, honestly and creatively with them. We attract and retain the best talent by creating a stimulating and financially rewarding environment. We develop the skills of our people to serve the needs of our clients, in the belief that the firm’s growth and profitability rest on our clients’ satisfaction.

Columbia Wanger Funds

Columbia Wanger is the investment adviser to the following open-end mutual funds (the “Funds”), that are series or portfolios of Columbia Acorn Trust and Wanger Advisors Trust, two registered investment companies sponsored by Columbia Wanger:

Columbia Acorn Trust

Columbia Acorn Fund
Columbia Acorn USA
Columbia Acorn Select
Columbia Acorn International
Columbia Acorn International Select
Columbia Thermostat Fund
Columbia Acorn Emerging Markets Fund
Columbia Acorn European Fund

Wanger Advisors Trust

Wanger USA
Wanger International
Wanger Select
Wanger International Select

Institutional Clients/Other

Columbia Wanger manages significant assets for institutional clients and has discretionary authority for managing the clients’ portfolios (“separate accounts”). Columbia Wanger is a sub adviser to Wanger U.S. Smaller Companies UCITS Fund and Wanger European Smaller Companies UCITS Fund, as well as various Variable Portfolio Trust funds, which are U.S. registered investment companies that serve as investment options offered within variable annuity and variable life insurance products. Columbia Wanger serves as sub-adviser, to the

Optimum Small-Mid Cap Growth Fund. Columbia Wanger has discretionary authority for managing these clients' portfolios.

Investment Policies and Objectives

We currently manage \$39.8 billion (as of December 31, 2013) in discretionary assets (reported as Regulatory Assets Under Management). Columbia Acorn Fund, Columbia Acorn USA, and Wanger USA (a variable annuity fund) are our domestic small-cap funds, which invest primarily in stocks of companies with market capitalizations of less than \$5 billion at the time of initial purchase. Columbia Acorn International Fund and Wanger International (a variable annuity fund) are our international small-cap funds, which primarily invest in stocks of companies with market capitalizations of less than \$5 billion at the time of initial purchase. We do not sell successful stocks solely because they have appreciated beyond an arbitrary capitalization limit. Our domestic mid-cap funds, Columbia Acorn Select and Wanger Select, invest in stocks of companies with market capitalizations under \$20 billion at the time of initial purchase. Our international mid-cap funds, Columbia Acorn International Select and Wanger International Select (a variable annuity fund), invest in stocks of companies with market capitalizations of \$2 to 25 billion at the time of initial purchase. Columbia Acorn Emerging Markets Fund is our international emerging markets small-cap fund, which invests primarily in stocks of companies with market capitalizations of less than \$5 billion at the time of initial purchase that are located in emerging market countries. Columbia Acorn European Fund is our European small-cap fund, which invests primarily in stocks of companies with market capitalizations of less than \$5 billion at the time of initial purchase that are located in a European country. The investment objectives, strategies and risks of the particular funds are set forth in each Fund's prospectus.

Our style is not easily defined, but most closely resembles GARP -- growth at a reasonable price. Our mission is to buy growing, undervalued companies, grow with them, and sell them when their growth slows or we believe they are fully valued. We are particularly interested in underfollowed stocks and niche companies. We like companies that benefit from long-term trends that we identify. We use dividend discount, private market value, and cash flow models to value stocks. We especially like companies with hidden values beyond reported EPS, such as unusually high free cash flow (due to goodwill, tax loss carryforwards, or other factors), masked earnings power (often caused by a startup or underperforming division offsetting a great core business), or hidden assets. We usually avoid companies in highly competitive or unpredictable industries, such as airlines, commodity semiconductors, and many natural resource areas.

Our best brokers filter their analysts' work and target us with only ideas that fit our style. They recognize that we are not interested in all of their firm's ideas, but that we will take major positions in stocks that fit.

Columbia Wanger invests client assets in certain small to medium capitalization companies, both U.S. and foreign, that it believes have growth potential, financial strength and fundamental value. Although Columbia Wanger invests its managed assets primarily in equity securities, it may also invest in other types of securities. At a client's request, substantially all of the client's portfolio may be invested in:

- U.S. securities (a "domestic portfolio"),
- non-U.S. securities (an "international portfolio"), or
- a portfolio including both U.S. and non-U.S. securities (a "global portfolio").

Investments are generally long-term (at least three to five years); although an investment may be liquidated within a shorter period if Columbia Wanger deems it advisable. Columbia Wanger also considers any investment policies and restrictions to which a client is subject or which the client has established for Columbia Wanger. Columbia Wanger may invest certain discretionary client accounts in shares of one or more mutual funds advised by Columbia Wanger or its affiliates. Columbia Wanger generally will make such investments only to the extent specifically authorized by each client in its investment management agreement.

FEES AND COMPENSATION

Columbia Wanger receives monthly or quarterly management fees from its institutional clients, based on the amount of value of the accounts under its management. Fees, however, may be subject to negotiation and variation, to take into account circumstances that Columbia Wanger may deem appropriate. A lower fee or a flat fee may be charged depending on the size and/or entirety of Columbia Wanger's or CMIA's relationship with a particular client. Clients managed within the same investment strategy may be subject to varying fees. Lower fees for comparable services may be available from other sources. Clients may arrange to have their fees debited directly from their account held at the custodian for credit to Columbia Wanger, subject to applicable law and requirements. Columbia Wanger may enter into performance-based compensation arrangements with eligible clients, subject to compliance with applicable laws and regulations.

Policies relating to our fee practices and representative fee schedules for different types of clients are described below.

General Fee Policies

Separate Account Fees

The following fee schedules apply to new separate accounts. In addition to the fee schedules listed below, there are in effect historical fee schedules that may differ from those applicable to new clients. For purposes of calculating its advisory fee, Columbia Wanger will exclude the value of the client's holdings in any mutual funds managed by it or an affiliate. However, the client's investment will bear advisory fees and expenses at the mutual fund level as described in the mutual funds' registration statement. Account minimums may change from time to time.

Separate Account – Wanger Small-Cap and SMID-Cap Equity (U.S. or Extended)

0.95% on first \$50 million

0.90% on next \$50 million

Negotiable over \$100 million

Minimum account size: \$100 million

Separate Account – Wanger Mid-Cap Equity

0.90% on first \$50 million

0.85% on next \$50 million

Negotiable over \$100 million

Minimum account size: \$100 million

Separate Account -- Wanger International Equity

1.00% on the first \$50 million

0.95% on the next \$50 million

Negotiable over \$100 million

Minimum account size: \$100 million

Separate Account – Wanger International Select Equity

0.95% on the first \$50 million

0.90% on the next \$50 million

Negotiable over \$100 million

Minimum account size: \$100 million

Separate Account – Wanger International Small-Cap and Wanger European Small-Cap

1.10% on the first \$50 million

1.05% on the next \$50 million

Negotiable over \$100 million

Minimum account size: \$100 million

Mutual Fund Fees

Fund advisory fees are set forth in each fund's prospectus and statement of additional information. Fees for the Funds and other investment companies are negotiated on a case-by-case basis and are reviewed annually with the Boards of Directors/Trustees of the Funds ("Boards"). These fees may be higher or lower than the representative fee schedules shown above

Investment Company Fees and Offshore Funds

We serve in a sub-advisory capacity for U.S investment companies both registered and unregistered that are advised by third parties. Fees for such services are negotiated with the client, and set forth in the fund's registration statement or other similar offering document.

Fees charged to some offshore funds and to investment company clients are established prior to the initiation of Columbia Wanger's services and are set forth in the registration statement (or similar disclosure document) for each fund. In the case of clients that are investment companies registered under the Investment Company Act of 1940 (the "Act"), fees are subject to periodic review and approval by the funds' Board of Trustees in accordance with the requirements of that Act.

Administrative Services Fees

In connection with administrative services provided by Columbia Wanger to certain registered investment company clients, Columbia Wanger receives administrative service fees from such clients. The amount of the fees is described in the registration statement filed by the registered investment company to which Columbia Wanger provides the administrative services. Columbia Wanger, as well as its affiliates, CMIA, Columbia Management Investment Distributors, Inc. and Columbia Management Investment Services, Corp., may (i) pay certain financial services companies or broker dealers a specified percentage of the average net assets held in certain accounts or other compensation on a per account basis for accounting, account servicing and distribution services these entities provide for the products Columbia Wanger manages and (ii) pay or reimburse employee benefit plans for participant recordkeeping expenses.

Termination Policies

Typically, a client or Columbia Wanger may terminate advisory agreements on not more than 60 days' written notice, although this may vary depending on applicable law and client negotiation. If a client terminates the services of Columbia Wanger, Columbia Wanger will pro-rate fees paid in advance to the date of termination and will refund any unearned portion to a client.

Compensation for the Sale of Securities and Other Investment Products

CWAM employees who refer investment advisory business to us may be compensated through CWAM's incentive compensation plan. Representatives of our affiliates who refer investment advisory business may be compensated on the basis of a percentage of the management fees earned on such referrals. Similar compensation is available to these employees when they are successful in selling securities products in their capacity as representatives of our affiliated broker-dealer. These securities products may include mutual funds and private funds managed by affiliate. The compensation paid to our affiliates sales personnel (including compensation they receive in their capacity as representatives of our affiliated broker-dealer) is based on a percentage of investment management fees in accordance with a fixed commission schedule paid out over a period of three years. Where employees of our affiliates are selling Funds and collective funds through our affiliated broker-dealer, compensation paid to these individuals on sales of these products may be higher or lower than the amount received on sales, of an identical amount, of separate accounts. This is a result of the fact that the amount of compensation received is based on the amount of revenue generated by a particular type of product. For example, compensation will generally be higher on the same size sale of mutual funds than on separate accounts due to the higher fees that mutual fund products generate. This practice gives our affiliates sales personnel an incentive to recommend investment products based upon the compensation received rather

than a client's needs. Our affiliates believe these potential conflicts are mitigated because their employees are subject to a Code of Ethics and various policies that require these employees to act in the best interests of our clients and to put the needs of the client above personal interests and other incentives at all times. Clients have the option to purchase investment products that we may propose to them through other brokers or agents that are not affiliated with us.

Our affiliates client service personnel receive incentive compensation attributable to solicitation activities based on a percentage of management fees collected in the first two years following the sale.

Some of our affiliates employees may be licensed representatives of our affiliated broker-dealer, and in that capacity may receive compensation from that entity for the offer and sale of securities and other investment products, including asset-based charges or service fees from the sale of Funds. Our affiliates do not charge commissions or mark ups to their clients.

Portfolio Manager Compensation

Incentive compensation for portfolio managers and key analysts is determined using market competitive incentive targets, with actual incentive awards based on these incentive targets and the cumulative performance of the portfolios/stocks that they manage. Portfolio manager performance is measured versus primary portfolio benchmarks. Analyst performance is measured versus a custom benchmark for each analyst. One-, three- and five-year performance periods primarily drive incentive levels. Incentive compensation can range from between a fraction of base pay to a multiple of base pay, the objective being to provide very competitive total compensation for high performing analysts and portfolio managers. The preliminary incentive compensation amount determined based on investment performance may be adjusted up or down, by up to 15%, based on qualitative performance factors. These factors include investment performance impacts not included in benchmarks such as industry (or country) weighting recommendations, plus adherence to compliance standards, corporate governance, business building, and citizenship. Other analysts' incentives are also based on performance versus benchmarks, though they are less formulaic in order to emphasize investment process instead of initial investment results. The qualitative factors discussed above are also considered. These analysts participate in an incentive pool which is based on a formula primarily driven by firm-wide investment performance.

Each year the Columbia Wanger target incentive pool is adjusted up or down based upon the increase/decrease in Columbia Wanger revenues versus an agreed upon base revenue amount. Investment performance, however, impacts incentives far more than revenues. Columbia Wanger determines individual incentive compensation, subject to review by Ameriprise Financial.

Incentive compensation is paid in a combination of cash, Ameriprise Financial restricted stock and/or nonqualified stock options ("LTIA"), and deferred mutual fund compensation. The cash portion of incentive compensation can range from 100%, for less senior positions, down to 60% for more senior positions. The LTIA portion can range from 0%, for less senior positions, up to 10% for more senior positions. The balance of incentive compensation is in the form of deferred mutual fund compensation. Once credited, the value of deferred mutual fund compensation accounts is based on the performance of certain Columbia Funds, including the Columbia Acorn Funds. Both LTIA's and deferred mutual fund compensation vest over three years from the date of issuance.

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-Based Fees

Neither Columbia Wanger clients nor any of our account relationships have a performance based fee arrangement.

Management of Multiple Accounts and Multiple Strategies

Like other investment professionals with multiple clients, a Fund's portfolio manager(s) may face certain potential conflicts of interest in connection with managing both the Fund and other accounts at the same time.

Columbia Wanger and the Funds have adopted compliance policies and procedures that attempt to address certain of the potential conflicts that portfolio managers face in this regard. Certain of these conflicts of interest are summarized below.

The management of accounts with different advisory fee rates and/or fee structures, including accounts that pay advisory fees based on account performance (performance fee accounts), if any, may raise potential conflicts of interest for a portfolio manager by creating an incentive to favor higher fee accounts. Potential conflicts of interest also may arise when a portfolio manager has personal investments in other accounts that may create an incentive to favor those accounts. As a general matter and subject to the Columbia Wanger's Code of Ethics and certain limited exceptions, Columbia Wanger's investment professionals do not have the opportunity to invest in client accounts, other than the pooled investment vehicles.

A portfolio manager who is responsible for managing multiple funds and/or accounts may devote unequal time and attention to the management of those funds and/or accounts. The effects of this potential conflict may be more pronounced where funds and/or accounts managed by a particular portfolio manager have different investment strategies.

A portfolio manager may be able to influence the selection of the broker/dealers that are used to execute securities transactions for the funds. A portfolio manager's influence as to the selection of broker/dealers could produce disproportionate costs and benefits among the funds and the other accounts the portfolio manager manages.

A potential conflict of interest may arise when a portfolio manager buys or sells the same securities for a fund and other accounts. On occasions when a portfolio manager considers the purchase or sale of a security to be in the best interests of a fund as well as other accounts, Columbia Wanger trading desk may, to the extent consistent with applicable laws and regulations, aggregate the securities to be sold or bought in order to seek best execution. All clients participating in the aggregated execution receive the same execution price and transaction costs are shared pro-rata. Aggregation of trades may create the potential for unfairness to a fund or another account if a portfolio manager favors one account over another in allocating the securities bought or sold.

Another potential conflict of interest may arise based on the different investment objectives and strategies of a fund and other accounts managed by its portfolio manager(s). Depending on another account's objectives and other factors, a portfolio manager may give advice to and make decisions for a fund that may differ from advice given, or the timing or nature of decisions made, with respect to another account. A portfolio manager's investment decisions are the product of many factors in addition to basic suitability for the particular account involved. Thus, a portfolio manager may buy or sell a particular security for certain accounts, and not for a fund, even though it could have been bought or sold for the fund at the same time. A portfolio manager also may buy a particular security for one or more accounts when one or more other accounts are selling the security (including short sales). There may be circumstances when a portfolio manager's purchases or sales of portfolio securities for one or more accounts may have an adverse effect on other accounts, including the Funds.

A fund's portfolio manager(s) also may have other potential conflicts of interest in managing the fund, and the description above is not a complete description of every conflict that could exist in managing the fund and other accounts. Many of the potential conflicts of interest to which Columbia Wanger's portfolio managers are subject are essentially the same as or similar to the potential conflicts of interest related to the investment management activities of Columbia Wanger and its affiliates.

TYPES OF CLIENTS

We provide investment advisory services to the types of clients listed below.

- pension, profit sharing, employee savings funds and Taft-Hartley pension funds;
- foundations and endowments;
- corporate and other types of institutional clients, including tax-exempt and not-for-profit organizations;
- state, municipal or other governmental entities;
- high-net-worth individuals, including trusts and estates;
- other investment advisers registered with the SEC or with regulators in other countries;
- open-end investment companies registered with the U.S. Securities and Exchange Commission (“mutual funds”) branded as “Columbia,” and “Columbia Seligman” collectively (the “Mutual Funds”);
- Mutual Funds that are used as funding vehicles by separate accounts for variable annuity contracts and/or variable life insurance policies issued by our insurance company affiliates and third party, unaffiliated insurance companies;
- Pooled investment vehicles registered or authorized offshore.

Conditions for Managing Accounts

In general, Columbia Wanger does not accept accounts, or groups or related accounts, which have initial asset values of less than \$25,000,000. Columbia Wanger may set a higher or lower minimum account size, depending on circumstances it believes relevant, such as historic relationships with officers, expectation of additions to the account in the future and other circumstances. Columbia Wanger may refuse to accept certain new accounts in its sole discretion.

We generally require institutional clients to have a minimum account size of \$25,000,000 to receive discretionary investment advisory services. We may impose higher minimums for certain investment mandates from time to time. We also reserve the right to waive account minimums in our sole discretion. Factors we take into consideration in making a determination whether to waive an account minimum may include the number of accounts managed for a client, the nature of services rendered, any special requirements of the account(s) managed and the totality of the relationship between us and our affiliates and the client and/or its affiliates. We may also consider a client’s specific needs and circumstances, and a client’s future ability to reach our minimum account size by making supplemental contributions. We may also offer to waive an account minimum based on our capacity to manage assets in a particular strategy. Our ability to waive account minimums may result in similarly situated clients being offered different minimums to establish a separately managed account.

We reserve the right to decline any account in our sole discretion. We reserve the right to resign as investment adviser to any account, subject to the terms of the client contract.

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

While individual portfolio managers may emphasize one method of security analysis over another, the primary methods of analysis we employ are fundamental analysis (*i.e.*, the analysis and interpretation of basic company and industry data) and quantitative analysis (*i.e.*, the analysis and interpretation of numerical, measurable characteristics). We also use other methods of analysis such as technical analysis (charting) and cyclical analysis. The firm maintains an internal centralized research function. Investment analysts who are responsible for centralized research provide their views on specific issuers and securities internally for general consumption by other analysts and portfolio managers.

Methods of Analysis

The primary methods of analysis and the material risks involved for the standard investment strategies that we offer to our institutional clients are set forth below.

A Word About Risk

Each Investment strategy is subject to certain specific risks, some of which are material, and other less so. In the chart below we have listed the material risks for each strategy. Other risks that are not material also apply. Each material risk is described in the Risk Disclosure Appendix.

Material risks that apply to every strategy include market risk.

Market risk refers to the possibility that the market values of securities or other investments may fall, sometimes rapidly or unpredictably, or fail to rise. Security values may fall or fail to rise because of a variety of factors affecting (or the market's perception of) individual companies (e.g., an unfavorable earnings report), industries or sectors, or the market as a whole, reducing the value of an investment. Accordingly, an investment could lose money over short or even long periods. The market values of securities also can be affected by changes or perceived changes in U.S. or foreign economies and financial markets, and the liquidity of these securities, among other factors. In general, equity securities tend to have greater price volatility than debt securities. In addition, common stock prices may be sensitive to rising interest rates, as the cost of capital rises and borrowing costs increase.

Fund Name	Primary Methods of Analysis	Material Risks
Columbia Acorn	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$5billion at the time of investment. •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	Investment Strategy Risk Smaller Company Securities Risk Sector Risk Foreign Securities Risk Emerging Market Risk
Columbia Acorn International	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$5billion at the time of investment. •The Fund invests at least 75% of its total assets in foreign companies in developed markets and emerging markets •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	Investment Strategy Risk Smaller Company Securities Risk Sector risk Foreign Securities Risk Emerging Market Risk Currency Risk
Columbia Acorn International Select	<ul style="list-style-type: none"> •The Fund invests at least 65% of its net assets in foreign companies in developed markets and up to 35% of its total assets in emerging markets •Invests a majority of its net assets in the common stock of small- and mid-sized companies with market capitalizations under \$25 billion at the time of investment •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	Investment Strategy Risk Smaller Company Securities Risk Sector risk Foreign Securities Risk Emerging Market Risk Real Estate Investment Trust Risk Currency Risk
Columbia Acorn Select	<ul style="list-style-type: none"> •Invests a majority of its net assets in the common stock of small- and mid-sized companies with market capitalizations under \$20 billion at the time of investment •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	Investment Strategy Risk Smaller Company Securities Risk Sector risk Foreign Securities Risk Emerging Market Risk Opportunistic Investment Risk Currency Risk
Columbia Acorn USA	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$5billion at the time of investment. •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	Investment Strategy Risk Smaller Company Securities Risk Sector Risk
Columbia Thermostat	<ul style="list-style-type: none"> •Invests in other mutual funds and allocates at least 95% of its net assets among a selected group of stock and bond mutual funds according to the current level of . 	Investment Strategy Risk Allocation Risk Investing in Other Funds Risk

Fund Name	Primary Methods of Analysis	Material Risks
	<p>Standard & Poor's (S&P) 500® Index</p> <ul style="list-style-type: none"> •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	<p>Interest Rate Risk Credit Risk Low and Below Investment Grade Securities Risk Value Securities Risk Growth Risk Sector Risk Foreign Securities Risk Emerging Markets Risk Smaller Company Securities Risk U.S. Government Obligations Risk Derivatives Risk Convertible Securities Risk Technology Sector Risk Health Care Sector Risk Dollar Rolls Risk Mortgage-Backed Securities Risk Asset-Backed Securities Risk Prepayment and Extension Risk Reinvestment Risk Liquidity Risk Depository Receipts Risk Derivatives Risk – Futures Contracts Changing Distribution Levels Risk Rule 144A Securities Risk Currency Risk Frequent Trading Risk Index Risk High Leveraged Transactions Risk</p>
Columbia Acorn Emerging Markets	<ul style="list-style-type: none"> •Fund invests a majority of its net assets in the common stock of small-and mid-sized companies with the market capitalizations under \$5 billion at the time of investment. •The Fund invests at least 80% of its net assets in companies located in emerging market countries, including frontier market countries. •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	<p>Investment Strategy Risk Foreign Securities Risk Emerging Market Securities Risk Frontier Market Risk Smaller Company Securities Risk Currency Risk Sector Risk Special Situations Risk</p>
Columbia Acorn European	<ul style="list-style-type: none"> •Fund invests a majority of its net assets in the common stock of small-and mid-sized companies with the market capitalizations under \$5 billion at the time of investment. •The Fund invests at least 80% of its net assets in companies located in European companies. •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	<p>Investment Strategy Risk Foreign Securities Risk Emerging Market Securities Risk Smaller Company Securities Risk Currency Risk Sector Risk Special Situations Risk</p>
Wanger USA	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$5billion at the time of investment. •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	<p>Investment Strategy Risk Smaller Company Securities Risk Sector Risk</p>
Wanger Select	<ul style="list-style-type: none"> •Invests a majority of its net assets in the common stock of small- and mid-sized companies with market capitalizations under \$20 billion at the time of investment 	<p>Investment Strategy Risk Smaller Company Securities Risk Sector Risk Foreign Securities Risk</p>

Fund Name	Primary Methods of Analysis	Material Risks
	<ul style="list-style-type: none"> •Uses quantitative and fundamental research as well as the management team's perspectives 	Emerging Market Securities Risk Opportunistic Investing Risk
Wanger International Select Fund	<ul style="list-style-type: none"> •The Fund invests at least 65% of its net assets in foreign companies in developed markets and up to 35% of its total assets in emerging markets •Invests a majority of its net assets in the common stock of small- and mid-sized companies with market capitalizations under \$25 billion at the time of investment •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	Investment Strategy Risk Smaller Company Securities Risk Sector Risk Foreign Securities Risk Emerging Market Securities Risk Real Estate Investment Trusts Risk
Wanger International	<ul style="list-style-type: none"> •Focuses on small and mid-sized companies with market capitalizations under \$5 billion at the time of investment. •The Fund invests at least 65% of its total assets in foreign companies in developed markets and emerging markets •Uses quantitative and fundamental research as well as the management team's perspectives for stock selection 	Investment Strategy Risk Smaller Company Securities Risk Sector Risk Foreign Securities Risk Emerging Market Securities Risk

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear. Please see the Risk Disclosure Appendix that follows for more detailed information about risks as they apply to the separate account strategies as listed in the chart above, and other challenges and risks associated with the investment management industry including strategy specific risks and regulatory uncertainty.

We utilize the investment strategies and methods of analysis to seek to achieve each portfolio's investment objective. The investment decisions we make may not produce the expected returns, may cause the portfolio to lose value or may cause the portfolio to underperform other portfolios with similar investment objectives. There is no assurance that a portfolio's objective will be achieved.

DISCIPLINARY INFORMATION

Columbia Wanger is not a registered broker-dealer however some of our directors and principal executive officers ("Directors and Officers") hold one or more securities licenses with the Financial Industry Regulatory Authority (FINRA) through our affiliated broker-dealer, Columbia Management Investment Distributors. Neither Columbia Wanger nor any of its Directors and Officers are registered or have an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading adviser or an associated person of the foregoing entities. More information about our Directors and Officers can be found in the Part 1A of our Form ADV.

A description of certain regulatory, governmental agency and litigation matters is provided below. Where required, we provide disclosure regarding such matters in Part 1A of our ADV.

Columbia Wanger and the Trustees of the Trust (collectively, the Columbia defendants) were named as defendants in class and derivative complaints that were consolidated in a Multi-District Action (the MDL Action) in the federal district court of Maryland. These lawsuits contend that defendants permitted certain investors to market time their trades in certain Columbia Acorn Funds. The MDL Action is ongoing. However, all claims against the Trust and the Independent Trustees of the Trust have been dismissed.

Columbia Acorn Trust and Columbia Wanger are also defendants in a state court class action lawsuit that alleges, in summary, that the Trust and Columbia Wanger exposed shareholders of Columbia Acorn International to

trading by market timers by allegedly: (a) failing to properly evaluate daily whether a significant event affecting the value of the Fund's securities had occurred after foreign markets had closed but before the calculation of the Fund's net asset value (NAV); (b) failing to implement the Fund's portfolio valuation and share pricing policies and procedures; and (c) failing to know and implement applicable rules and regulations concerning the calculation of NAV (the Fair Valuation Lawsuit). The United States Court of Appeals for the Seventh Circuit ruled that the plaintiffs' state law claims were preempted under federal law, resulting in the dismissal of plaintiffs' complaint. Plaintiffs appealed the Seventh Circuit's ruling to the United States Supreme Court. The Supreme Court reversed the Seventh Circuit's ruling on jurisdictional grounds and the case was remanded to the state court.

On March 21, 2005, a class action complaint was filed against the Trust and Columbia Wanger seeking to rescind the contingent deferred sales charge (CDSC) assessed upon redemption of Class B shares of the Columbia Acorn Funds (the CDSC Lawsuit). In addition to the rescission of sales charges, plaintiffs seek recovery of actual damages, attorneys' fees and costs. The case was transferred to the MDL Action in the federal district court of Maryland.

On September 14, 2007, the plaintiffs and the Columbia defendants named in the MDL Action, including the Columbia family of funds, entered into a stipulation of settlement with respect to all Columbia-related claims in the MDL Action described above, including the CDSC and Fair Valuation Lawsuits.

On April 23, 2010, the parties to the MDL Action filed a motion seeking: (a) preliminary approval of the MDL settlements; (b) the conditional certification of the plaintiff class for purposes of settlement; (c) approval of the form and manner of giving notice to the plaintiff class of the proposed settlements; and, (d) approval of the proposed schedule for various deadlines in connection with the final settlement hearing. The motion was presented to and approved by the court on May 7, 2010.

On October 21, 2010, the court held a final hearing regarding the MDL settlements and on October 25, 2010 issued a final judgment and related orders that: (a) approved the settlements as fair, reasonable and adequate, and in the best interests of members of both the plaintiff class and current shareholders of the Columbia funds, including the Columbia Acorn Funds; (b) dismissed with prejudice all complaints against the Columbia defendants; and (c) approved a plan of distribution for the amounts due to the plaintiff class as established in the settlements. The orders of settlement do not create any liability for the Columbia Acorn Funds.

Columbia Wanger believes that the lawsuits described in the four preceding paragraphs are not likely to materially affect its ability to provide investment management services to the Funds.

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Columbia Wanger, the adviser to the Columbia Acorn Trust and Wanger Advisors Trust, has determined that it is not required to register as a Commodity Pool Operator under the amendments to Rule 4.5 adopted but the Commodity Futures Trading Commission.. We currently anticipate that each of the funds in the Columbia Acorn Trust and Wanger Advisors Trust will continue to be eligible for the Rule 4.5 exemption.

The following are the educational and business backgrounds of the Directors and principal executive officers of Columbia Wanger, and of the portfolio managers of Columbia Wanger who make all investment decisions for the portfolios managed by Columbia Wanger:

P. Zachary Egan, born in 1968, joined Columbia Wanger in September 1999 and as of April 1, 2014 is the President and Chief Investment Officer of Columbia Wanger Asset Management, LLC. He is currently is co-portfolio manager for the Columbia Acorn International and co-portfolio manager of Columbia Acorn Emerging Markets Fund. He is also the director of International Research for Columbia Wanger. Mr. Egan received his B.A. degree from Middlebury College in 1990 and his M.A. degree from the University of Chicago in 1996. He is a Chartered Financial Analyst.

Robert A. Mohn, born in 1961, joined Columbia Wanger in August 1992 and as of April 1, 2013 is the Chief Investment Officer of Columbia Wanger Asset Management, LLC. As of April 1, 2014 he is lead portfolio manager for the Columbia Acorn Fund. Mr. Mohn also serves as portfolio manager for Columbia Acorn USA, and Wanger USA and Co-Portfolio Manager Wanger US Smaller Companies UCITS Fund (an offshore fund) and Variable Portfolio – Columbia Wanger U.S. Equities Fund. He is also the lead or co-portfolio manager for other client accounts. Mr. Mohn is also the Director of Domestic Research for Columbia Wanger. He was vice president of Wanger Asset Management, Ltd. Mr. Mohn received his B.S. degree in Chemical Engineering from Stanford University in 1983 and his M.B.A. degree in Finance from the University of Chicago in 1992. He is a Chartered Financial Analyst.

Charles P. McQuaid, born in 1953, joined Wanger in June 1992. He served as the lead portfolio manager for Columbia Acorn from 1992 – March 31, 2014, and served as Lead Portfolio manager of Columbia Thermostat from March 2003-March 31, 2014. He is currently the Co-Portfolio manager of Columbia Thermostat since April 1, 2014. He served as the trustee and president of Columbia Acorn Trust and of Wanger Advisors Trust until March 31, 2014. Mr. McQuaid received his B.B.A. degree in Finance from the University of Massachusetts in 1974 and his M.B.A. degree in Finance from the University of Chicago in 1976. He is a Chartered Financial Analyst.

Joseph C. LaPalm, born in 1969, is the chief compliance officer of Columbia Wanger and also serves as a Vice President of Ameriprise Financial. Before joining Columbia Wanger in 2005, Mr. LaPalm was a compliance officer with William Blair & Company, beginning in 2000. Mr. LaPalm received his B.S. degree in Economics and Political Science from Florida State University in 1993.

Christopher J. Olson, born in 1964, joined Columbia Wanger in 2001 and currently is the portfolio manager for the Columbia Acorn International Select, Wanger International Select and a co-portfolio manager for Wanger International fund, Variable Portfolio – Columbia Wanger International Equities, and Columbia Thermostat Fund (April 1, 2014). Before joining Columbia Wanger, Mr. Olson was a director and portfolio strategy analyst for Brinson Partners/UBS Asset Management, beginning in 1995. Mr. Olson received his B.A. degree in Political Science from Middlebury College in 1988, his M.B.A. degree in finance from the Wharton School of Business in 1993, and his M.A. in international studies from the School of Arts and Sciences at the University of Pennsylvania. He is a Chartered Financial Analyst.

Louis J. Mendes, born in 1964, joined Columbia Wanger in September 2001 and currently is co-portfolio manager for the Columbia Acorn International, Wanger International, and Columbia Acorn Emerging Markets Fund and Variable Portfolio – Columbia Wanger International Equities. Before joining Wanger, Mr. Mendes was an analyst and portfolio manager with Merrill Lynch Investment Managers specializing in Asian equity markets, beginning 1999. Mr. Mendes received his B.A. degree from Columbia University in 1986 and his M.A. degree from the American Graduate School of International Management in 1993. He is a Chartered Financial Analyst.

Andreas Waldburg-Wolfegg, born in 1966, joined Columbia Wanger in 2002 and is a senior international analyst covering foreign equities in Southern Europe and a lead portfolio manager of the Wanger European Smaller Companies UCITS Fund. Prior to joining Columbia Wanger, Mr. Waldburg-Wolfegg served as the European coordinator for Scudder Investments' research portfolio, beginning in 1998. Mr. Waldburg-Wolfegg received his Master's degree from the University of St. Andrews in Scotland in 1992.

Stephen Kusmierczak, born in 1967, joined Columbia Wanger in 2001 and is an international analyst covering foreign equities in Canada, the Benelux region, Scandinavia, and Eastern Europe, and is the lead portfolio manager of Columbia Acorn Emerging Markets Fund co-portfolio manager for Columbia Acorn European Fund and the Wanger European Smaller Companies UCITS fund. Prior to joining Columbia Wanger, Mr. Kusmierczak worked in finance/corporate development at Maritz Inc. (U.S.) (1999-2001), and was a Robert Bosch fellow (Germany) (1998-1999). He became a Chartered Financial Analyst in 2003, received his M.P.A. degree from Princeton University (Woodrow Wilson School of Public and International Affairs) in 1998 and received his B.A. degree in economics from Bowdoin College in 1989.

Susie Hultquist, born in 1968, joined Columbia Wanger in 2000 and is a domestic analyst covering the consumer discretionary sector Wanger US Smaller Companies UCITS Fund. Prior to joining Columbia Wanger, Ms. Hultquist served as a senior analyst with Banc of America Securities LLC's Distressed Debt Fund. She received her M.B.A. degree from the University of Chicago in 2000 and her B.S. degree from the University of Illinois (Urbana) in 1990.

David L. Frank, born in 1963, joined Columbia Wanger in 2002, is a domestic analyst covering housing, transport and US and Canadian financials, and currently is co-portfolio manager of Variable Portfolio – Columbia Wanger US Equities Fund and Columbia Acorn Fund. He is also the co-portfolio manager for other client accounts. Prior to joining Columbia Wanger, Mr. Frank served as a senior equity analyst at Holland Capital Management. He received his M.B.A. degree from the University of Chicago in 1998 and his B.A. degree from Yale University in 1985. He is a Chartered Financial Analyst.

Robert A. Chalupnik, born in 1965, joined Columbia Wanger in 1998 and is a domestic analyst covering industrial goods and service and serves as the portfolio manager of Wanger Select and Columbia Acorn Select and is the lead portfolio manager of Optimum Small-Mid Cap Growth Fund (CWAM Portion). Prior to joining Columbia Wanger, Mr. Chalupnik served as a quantitative analyst at Scudder Kemper. He received his M.B.A. and B.S. degrees from the University of Illinois (Chicago) in 1993 and 1988, respectively. He is a Chartered Financial Analyst.

Fritz Kaegi, born in 1971, joined Columbia Wanger in 2004 and is an international analyst covering international basic materials in Africa and the former Soviet Union, and is the lead portfolio manager for Columbia Acorn Emerging Markets Fund. Prior to joining Columbia Wanger, Mr. Kaegi worked as an equity analyst at Morningstar. He received MBA from Stanford Graduate School of business in 2001 and received his BA degree from Haverford College in economics and political science in 1993.

William Doyle, born in 1964, joined Columbia Wanger in 2006 and is a domestic analyst covering global energy. He serves as the co-portfolio manager of Columbia Acorn USA and Wanger USA. Prior to joining Columbia Wanger, Mr. Doyle served as a corporate bond analyst and managing director and credit analyst at PPM America. He received his M.B.A from Loyola University of Chicago and B.S and B.A. from Illinois State University in 1991 and 1987, respectively. He is a Chartered Financial Analyst.

Multiple Roles Played by Certain Directors and Officers

Some of our Directors and Officers and employees are also directors, officers or employees of our ultimate parent company or one or more affiliates that may directly or indirectly benefit from our client relationships or advisory activities. In these circumstances, the potential for a conflict of interest exists between the obligations to our clients and the incentive to make recommendations, or take actions, that benefit one or more of our other affiliates as well as conflicts among the affiliated entities with respect to the allocation of resources and the Director's or Officer's time. We believe these potential conflicts are mitigated because our employees and those of our affiliates are subject to a Code of Ethics and various policies that require these employees to act in the best interests of our clients and to put the needs of our clients first at all times.

Business Activities and Affiliations

As part of the Ameriprise Financial organization, we receive general corporate services, including administrative support, equipment and facilities from Ameriprise Financial and certain of its wholly-owned subsidiaries, some of which are domiciled in foreign jurisdictions. For example, certain administrative services are provided by a wholly-owned subsidiary of Ameriprise Financial based in India. Threadneedle, an organization more fully described below, assists us in meeting various international regulatory requirements. Our eligible employees also receive certain employee benefits from Ameriprise Financial. To the extent employees of Ameriprise Financial gain access to proprietary investment information conflicts may exist. To mitigate such conflicts these employees are subject to a Code of Ethics and various policies that limit the use of such

information. Please see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.”

As described below, many of our affiliates engage in activities that are material to our advisory business or to our clients. We may utilize, suggest or recommend the services of these affiliated entities

Our policies and procedures require these Management Persons and employees put our clients’ interests first, but they may have an incentive to make recommendations, or take actions, that benefit the affiliated entity or put the affiliated entity’s interests ahead of our own.

Broker-Dealers

Columbia Management Investment Distributors, an SEC-registered broker-dealer, serves as the principal underwriter and distributor of the Funds. Our sales personnel are registered representatives of Columbia Management Investment Distributors and may introduce current or prospective investment advisory clients to the Funds and receive compensation to do so. Columbia Management Investment Distributors also serves as the distributor of the investment companies offered and sold to insurance companies as part of the Columbia Funds Variable Insurance Trust, the Columbia Funds Variable Insurance Trust I and the Columbia Funds Variable Series Trust II (the “Variable Series Trust funds”) and the Wanger Advisors Trust funds. Columbia Management Investment Distributors is also a member of the Municipal Securities Rulemaking Board and serves as the program manager for 529 Plans.

We are also affiliated with Ameriprise Financial Services, an SEC-registered broker-dealer and investment adviser that is a wholly-owned subsidiary of Ameriprise Financial. Ameriprise Financial Services and other third party broker dealers distribute the shares of the Mutual Funds we or an affiliate manage and may also offer and sell shares of any registered Closed-End Funds that we or an affiliate develop or currently manage.

Investment Companies and Other Pooled Investment Vehicles

We are affiliated with investment companies managed by us or our affiliates, including the Funds and sub-advised funds. Ameriprise Financial provides administrative and accounting services for the Funds. To the extent employees of Ameriprise Financial gain access to proprietary investment information conflicts may exist. To mitigate such conflicts these employees are subject to a Code of Ethics and various policies that limit the use of such information. Please see “Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.”

Investment Advisers

Columbia Wanger, a Delaware limited liability company based in Chicago, Illinois, is wholly-owned by Columbia Management Investment Advisers, LLC (formerly known as RiverSource Investment, LLC), a Minnesota limited liability company. CMIA is a wholly-owned subsidiary of Ameriprise Financial, Inc..

Our ultimate parent company, Ameriprise Financial, also owns Threadneedle Asset Management Holdings SARL, which in turn owns Threadneedle Asset Management UK Ltd, which in turns owns TAM UK Holdings Ltd, which in turn owns Threadneedle Asset Management Holdings Ltd., which owns Threadneedle International Limited, an FSA- and SEC-registered adviser and Threadneedle Holdings Ltd., the parent of Threadneedle Asset Management Limited, an FSA-registered adviser.

We are also affiliated with Ameriprise Financial Services, an SEC-registered investment adviser and broker-dealer that provides retail investment advisory services and engages in the broker-dealer activities described above. Ameriprise Financial Services is also registered with the SEC as a Registered Municipal Advisor.

Financial Planning Firm

Our affiliate, Ameriprise Financial Services, a dually registered investment adviser and broker-dealer as previously described, also offers financial planning services through its Ameriprise Financial Planning Service in the form of a personal financial plan that includes analysis and written recommendations that may include specific

investment recommendations and other product solutions available from Ameriprise Financial Services and its affiliates. Products recommended may include Mutual Funds or other products managed by us. Ameriprise Financial Services, an affiliate that is not involved in our asset management business, may provide pension consulting services from time to time.

Insurance Companies

Through Ameriprise Financial, we are affiliated with RiverSource Life, a licensed insurance company in 49 states, as well as the District of Columbia and American Samoa and with RiverSource Life of NY, licensed to do business as an insurance company in New York. The products of our insurance company affiliates include fixed life insurance, variable life insurance, and disability insurance and fixed and variable annuities. Additionally, the Variable Series Trust funds we manage are investment options offered within those variable annuity and variable life insurance products.

CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Generally

Ameriprise Financial is a broadly diversified financial services company that directly or through affiliates provides a variety of securities, insurance, bank and other investment services to a broad array of customers. Ameriprise Financial, its affiliates, directors, officers and employees (collectively "Ameriprise") are engaged in businesses and/or have interests that may differ from Columbia Wanger's. Ameriprise may be involved in advisory, transactional and financial activities and/or other interests in securities and companies that may be directly or indirectly purchased or sold by Columbia Wanger for its advisory accounts. As a result, Columbia Wanger's affiliation with Ameriprise Financial may involve real, potential or apparent conflicts of interests to Columbia Wanger and, in certain cases, its clients.

Columbia Wanger acts as a fiduciary with respect to its asset management activities and owes its clients a duty of care, and loyalty. As a fiduciary, Columbia Wanger is required to act in the best interests of its clients and address conflicts that arise. However, there exists the potential that current or future activities of Ameriprise Financial could affect Columbia Wanger's management of its clients' accounts and could be disadvantageous. The overall investment activities of Columbia Wanger and its affiliates may limit the investment opportunities for accounts under their management (collectively, the "Accounts") in certain markets in which limitations are imposed by regulators upon the amount of investment by affiliated investors, in the aggregate or in individual issuers. From time to time, the Account's activities also may be restricted because of regulatory restrictions applicable to Columbia Wanger and its affiliates, and/or their internal policies.

We and our affiliates may trade in the same securities. Certain securities may be subject to ownership limitations due to regulatory limits imposed by various jurisdictions for certain industries or by issuers through mechanisms such as poison pills. Some of these limitations may require us to aggregate our clients' holdings with those of our affiliates' clients in the same security for purchases of determining compliance with those thresholds. In these instances, we (and therefore our clients) may be limited or prevented from acquiring securities of an issuer that we may otherwise prefer to purchase. For example, many countries limit the amount of outstanding shares that an organization, including any of its affiliates also holding shares, may hold in a bank holding company with a locally-domiciled bank. In this circumstance, we may be limited or prevented from purchasing additional shares of that issuer if the purchase would put us over the regulatory limit when combined with our affiliates' holdings even if our holdings alone would not be in excess of limit. We have policies and procedures in place to monitor and interpret these ownership limits. However, it is possible that we and our affiliates may inadvertently breach these limits, and we (and therefore our clients) may be required to sell securities of an issuer that we may otherwise prefer to continue to hold in order to be in compliance with such limits. In addition, it is possible that aggregate ownership limitations could cause performance dispersion among accounts with similar investment objectives and strategies and portfolio management teams. For example, if further purchases in an issuer are restricted due to ownership limits, a portfolio manager would not be able to invest a new account in securities of that issuer that may be held by funds and accounts managed with similar investment objectives and strategies.

We may also choose to limit purchases in an issuer to a certain threshold for risk management purposes. If the holdings of our affiliates are included in that limitation, it is possible that we may be limited in our ability to purchase securities we would otherwise prefer to purchase in order to maintain such limits.

Ameriprise and Columbia Wanger have established a variety of policies, procedures and other controls that seek to manage conflicts of interest arising between advisory accounts and the Firm's businesses. With respect to conflicts that may arise in connection with personal securities trading, all Columbia Wanger employees must comply with Columbia Wanger's Code of Ethics.

Columbia Wanger may take investment positions and/or give advice in securities for some clients in which other clients or Ameriprise or clients of Ameriprise have similar or different investment positions. Columbia Wanger seeks to treat all clients in a fair and equitable manner, however, there may be instances in which Columbia Wanger is purchasing or selling for its client accounts, securities in which Columbia Wanger or Ameriprise is undertaking the same or differing strategy for other clients (including similarly managed accounts). Prices, availability, liquidity and terms of the investments may be negatively impacted by activities of Ameriprise and the transactions for Columbia Wanger's clients may, as a result, be less favorable. The investment results for Columbia Wanger's clients may differ from the results achieved by the Firm and other clients of the Firm.

Columbia Wanger may recommend to its clients the purchase of shares of the investment companies or interests of other entities for which Columbia Wanger or an affiliate serves as investment adviser. Recommendations to Columbia Wanger clients are premised on Columbia Wanger's fiduciary obligations to act in a client's best interests and pursuant to the discretionary authority granted to Columbia Wanger by the client, to the extent permitted by applicable law.

Columbia Wanger personnel may invest from time to time in shares of any mutual fund, to which Columbia Wanger or an affiliate is an investment adviser, on the terms outlined in the fund prospectuses. Such terms may cause them to realize a more favorable return than other investors.

Columbia Wanger personnel may invest from time to time in interests of other entities that Columbia Wanger or an affiliate may manage. Such investments may be purchased at the same prices available to other eligible investors, but at lower or no fees, which would cause them to realize a more favorable return than other investors.

The aggregate compensation of Columbia Wanger may be increased when clients and others purchase shares ("invested shares") of investment companies or other entities managed by Columbia Wanger ("managed entities"). To prevent Columbia Wanger from receiving a fee from both the client and a managed entity for the invested shares, the computation of Columbia Wanger's management fee excludes the value of the invested shares from the value of the client account.

Columbia Wanger may recommend to its clients investments in other investment entities in which Columbia Wanger or its personnel may invest or which Columbia Wanger's or its partners, officers or employees, may serve as general or limited partner, member, director, trustee or officer. Columbia Wanger or its personnel may also manage or advise an entity (or an entity serving as general partner of such entity) that may purchase or hold securities recommended for purchase or sale by clients.

Our Approach to Conflicts of Interest

Ameriprise Financial and its subsidiaries, which includes us, constitute a large diversified financial services organization. As a result of this and other aspects of our business, conflicts of interest may arise among our different clients and between us and our clients. Conflicts of interest that may arise in the course of providing investment advisory services are described throughout this brochure, as are some of our policies and procedures designed to address specific conflicts of interest, such as our Code of Ethics and trading procedures.

We have a compliance program in place that is intended to identify, mitigate and, in some instances, prevent actual and potential conflicts of interest, as well as to ensure compliance with legal and regulatory requirements and ensure compliance with client investment guidelines and restrictions. Our compliance program includes

written policies and procedures that we believe are reasonably designed to prevent violations of applicable law and regulations.

Our various business units typically take front-line responsibility for ongoing implementation and monitoring of our policies and procedures, with oversight provided by our compliance department. We also maintain various committees, which provide oversight and review of compliance across functional boundaries including several operating committees, whose membership is comprised of personnel from the impacted business area(s). These committees receive input from our compliance and legal counsel and help ensure compliance with some of these policies and procedures. Some of the key committees (or subcommittees) supporting our compliance program efforts include those committees (or subcommittees) responsible for investment oversight, proxy voting, Code of Ethics oversight, valuation, trading portfolio holdings disclosure and new products.

Code of Ethics/Personal Trading Rules and Procedures

We and certain of our affiliates have adopted a “Code of Ethics” (“Code”) designed to state standards of business conduct and to mitigate conflicts of interest for all our “Covered Persons” as they perform their respective roles and responsibilities and when they engage in personal securities transactions. We and certain of our affiliates have adopted different versions of the Code for Investment Covered Persons and for other Covered Persons. Investment Covered Persons are Covered Persons who have access to our institutional client information, such as information about impending purchases or sales of portfolio securities for institutional clients’ accounts. All Covered Persons are required to conduct all personal trades through designated broker-dealers unless an exception has been granted. Further, all Covered Persons must complete an annual certification form regarding their personal securities activities and provide additional information about personal trading activities and also comply with quarterly reporting requirements.

The specific provision under the Code seek to ensure that clients’ interests are placed ahead of the interests of Covered Persons. Under the Code, Investment Covered Persons must pre-clear investments in most types of securities, are restricted with respect to the timing of certain transactions and are prohibited from making certain transactions. The Code also contains short term trading prohibitions applicable to all Covered Persons and trading black-out periods before and after client transactions applicable to all portfolio managers. These prohibitions are subject to limited exceptions. Covered Persons who are not Investment Covered Persons also are prohibited from making certain transactions.

The Code contains specific provisions relating to Mutual Fund shares, including a prohibition on direct or indirect market timing and, for Investment Covered Persons, a 60-day holding period for Covered Mutual Funds subject to limited exceptions. Covered Mutual Funds are those funds for which we or an affiliate serves as an investment adviser or subadviser or for which an affiliate serves as principal underwriter.

We will provide a copy of the Code to any client or prospective client upon request. Clients may obtain a copy by writing to us at the address set forth on the cover of this Brochure or calling the phone number that appears on that page.

Material Non-Public Information

We and our employees may, from time to time, come into possession of material, nonpublic information which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. The Code contains a summary of the “Disclosure of Non Public Information” which prohibits the misuse of material nonpublic information by us and our associated persons. Those who possess material nonpublic information must not (a) use that information to obtain profits, mitigate losses or otherwise secure benefits for us, our clients, any of our affiliates or their clients, themselves or others, (b) engage in transactions or make recommendations while in possession of material nonpublic information, or (c) disclose that information to others (except legal and compliance personnel who assist in administering the Material Non-Public Information Policy). In addition, we have adopted procedures designed to restrict trading in an issuer’s securities in situations where we or one of our Investment Covered Persons possesses material nonpublic information regarding the issuer’s securities. These prohibitions and restrictions on trading or sharing information may result in our not purchasing or selling securities for a client account or not fully communicating material investment ideas despite our view that a purchase, sale or communication would benefit client accounts. Losses could be incurred if we cannot close out a position. In

certain situations where material nonpublic information is obtained, these procedures also allow for the creation of an “information wall” to contain information within a small group and avoid a firm-wide prohibition on trading or for operations purposes. However, our legal and compliance department may determine that an information wall is not appropriate under the circumstances and restrict trading across the entire firm.

Persons who violate the Code, the Insider Trading Policy, SEC or FINRA rules, or our other policies and procedures may be subject to sanctions, including termination of employment.

Products sold or managed by us in which we have an interest

Our employees who are also registered representatives of our affiliated broker-dealer, Columbia Management Investment Distributors, may offer qualified clients the opportunity to invest in a Mutual Fund managed by us. This creates a potential conflict we mitigate for by not exercising our discretion to place client assets in those funds unless it is allowed by a specific provision in the client’s agreement with us and then it will be done in accordance with applicable legal requirements.

Our employees are investors in the Mutual Funds which we or a related person acts as investment adviser. In some cases, these investments are substantial. These investment vehicles are treated as clients. As a result, the underlying securities transactions in these vehicles are not subject to the personal trading restrictions described above, for purposes of the trading procedures described in the section below titled “Best Execution.

BROKERAGE PRACTICES

Choosing a Broker

Subject to any client direction to utilize a particular broker or dealer, or a broker or dealer meeting specified criteria, for execution of transactions in that client’s account, Columbia Wanger’s overriding objective in effecting portfolio transactions is to seek to obtain the best combination of net price and execution. The best net price, giving effect to brokerage commission, if any, and other transaction costs, is normally an important factor in this decision, but a number of other judgmental factors may also enter into the decision. These factors include:

- negotiated commission rates currently available and other current transaction costs;
- the nature and liquidity of the security being traded; the size of the transaction, the desired time of the trade, the market place at the time of execution;
- evaluation of competing markets, including exchanges, over-the-counter markets, electronic communications networks or other alternative trading facilities;
- the activity existing and expected in the market for a particular security;
- confidentiality;
- the execution, clearance and settlement capabilities of the broker or dealer selected and others which are considered;
- the financial stability of the broker or dealer selected and such other brokers or dealers or any operational problems that the broker or dealer may have;
- the broker’s or dealer’s responsiveness to Columbia Wanger; and
- actual or apparent operational problems of any broker or dealer.

In light of these factors, Columbia Wanger’s clients may pay a brokerage commission in excess of that which another broker might have charged for effecting the same transaction.

Columbia Wanger’s Trade Market Oversight Committee (“TMOC”) assists in evaluating executing brokers and dealers. The TMOC also assists in reviewing reports generated by a various vendors approved by TMOC, which analyzes trading costs and provides analysis on best execution.

Client Directed Brokerage Arrangements

As noted above, clients may direct Columbia Wanger (subject to certain conditions that Columbia Wanger may impose from time to time) to effect portfolio transactions through particular brokers or dealers, or brokers or dealers meeting stated criteria. Such a direction to utilize a particular broker or dealer may be conditioned by the client on the broker or dealer being competitive as to price and execution of each transaction, or may be subject to varying degrees of “restriction”, i.e., an instruction to utilize the broker or dealer whether or not competitive, or at specified levels of commissions or commission discounts which are less favorable than might otherwise be attained by Columbia Wanger. Columbia Wanger is not obligated to negotiate lowest commission rates from such brokers or dealers on behalf of such clients.

Clients sometimes wish to restrict brokerage to a particular broker or dealer in recognition of custodial or other services provided to the client by the broker dealer. A client who chooses to designate use of a particular broker dealer on a “restricted” basis, including a client who designates use of a broker or dealer as custodian of the client’s assets, should consider whether such a designation may result in certain costs or disadvantages to the client, either because the client may pay higher commissions on some transactions than might otherwise be attainable by Columbia Wanger, or may receive less favorable execution of some transactions, or both.

A client who “restricts” brokerage may also be subject to the disadvantages discussed below regarding aggregation of orders. In determining whether to instruct Columbia Wanger to utilize a particular broker or dealer on a “restricted” basis in recognition of such services, the client may wish to compare the possible costs or disadvantages of such an arrangement with the value of the custodian or other services provided. While Columbia Wanger will attempt to obtain “best execution” for such trades, in circumstances where the client directs brokerage, best execution may be affected by the factors described above.

Monitoring Commissions

Evaluations of the reasonableness of brokerage commission, based on the foregoing factors, are made on an on-going basis by Columbia Wanger’s trading staff while effecting portfolio transactions. Columbia Wanger may to the extent permitted by applicable law, make trades with or through a registered broker-dealer affiliated with it. Such trades will only be affected consistent with Columbia Wanger’s obligation to seek best execution for its clients.

It is Columbia Wanger’s practice, when feasible, to aggregate for execution as a single transaction orders for the purchase or sale of a particular security, with the same terms and conditions, for the accounts of several clients in order to seek a lower commission or more advantageous net price. All clients participating in the aggregated execution receive the same execution price and transaction costs are shared pro-rata, whenever possible.

However, in the case of a client who has restricted Columbia Wanger to a particular broker or dealer with respect to transactions for that client’s account, and has specified particular commission rates for such transactions, such client’s accounts generally will be unable to participate in aggregated orders and, where such client’s account does not participate in an aggregated order executed with the client’s designated broker, the client’s specification of a particular commission will preclude that client from receiving the benefit, if any, of a lower commission resulting from the aggregation, and the accounts of other clients participating in the aggregated offer may receive a correspondingly greater benefit.

Additionally, clients that have restricted brokerage to particular brokers will ordinarily have their orders executed after accounts of those clients that do not have such restrictions. It is Columbia Wanger’s policy to execute the aggregated orders before directed orders for the same stock.

Where a client restricts Columbia Wanger to a particular broker or dealer with respect to transactions for that client’s account, the client may be disadvantaged in obtaining allocations of new issues of securities which Columbia Wanger purchases or recommends for purchase in other client accounts. It is Columbia Wanger’s policy that such “restricted” accounts not participate in allocations of new issues of equity or convertible securities obtained through brokers and dealers other than that designated by the client. See the description below with respect to Initial Public Offerings.

Allocation of Aggregated Trades

Generally the portfolio manager, or analyst duly delegated by the portfolio manager, allocates the order prior to placing the trade order, according to client objectives and portfolio holdings, except for initial public offerings which, depending on the offering size, are either allocated to suitable accounts in proportion to commission dollars paid in the previous quarter or rotated between suitable accounts. See also the description below with respect to Initial Public Offerings. When the order is placed, the allocation of the execution will normally be on a pro-rata basis, relative to the size of the total outstanding order. Specifically, each account's allocation will be determined by applying its percentage of the total outstanding order to the actual execution received. All clients participating receive the same execution price, which price may be an averaged execution price. Where possible, allocations will be in round lots and in size. However, cash balances, account liquidations, minimum position size, small lot orders, and the need to raise cash for a particular account may result in exceptions to the normal allocation procedure.

FX Trading

Depending on the directions from the client, foreign currency (FX) transactions are effected either through Columbia Wanger or through the client's custodian. Where Columbia Wanger has been given authority to effect FX trades, the client's portfolio will be set on Columbia Wanger's trading system with a single operating currency (which may not be the same as the reporting currency of the account). Client account trades (i.e., purchases or sales of portfolio securities) that occur in currencies other than the operating currency will be converted to the operating currency by processing an FX transaction with brokers Columbia Wanger selects at its discretion. All income will also be repatriated to the operating currency of the account pursuant to standing instructions from Columbia Wanger to the client's custodian bank. Columbia Wanger enters into FX transactions for currency management purposes and typically does not seek to make currency bets on client accounts. However, where expressly permitted by the investment guidelines, Columbia Wanger does periodically execute forward transactions to hedge specific currency risk. Where the market dictates Columbia Wanger to use a client's custodian to repatriate foreign currency Columbia Wanger does evaluate the repatriation services.

Initial Public Offerings

Columbia Wanger will purchase for its clients securities offered through initial public offerings ("IPOs") if it and its portfolio managers determine, after evaluating an offering, that the offered securities are appropriate for clients and are consistent with client investment objectives and circumstances. If Columbia Wanger were to receive fewer shares of an IPO than its portfolio managers requested or ordered for its clients (as frequently happens with IPO securities), Columbia Wanger will then follow an allocation policy that is reasonably designed to treat clients fairly, namely, by allocating on a pro-rata basis in proportion to commission dollars paid in the previous quarter or, as described below, rotated between suitable accounts in certain circumstances. Where possible, allocations will be made in round lots and in size, not less than the size necessary to cover minimum ticket charges. However, cash balances, account liquidations, minimum position size, small lot orders, and the need to raise cash for a particular account may result in exceptions to the normal allocation procedure.

Basing IPO allocations on accounts' previous quarter's commissions may cause accounts with a lower turnover, buy-and-hold strategies and fewer assets under management to receive a lower allocation than larger accounts that employ an investment strategy with higher turnover. We believe this allocation methodology is fair and reasonable because of the correlation between commissions generated and IPO allocations Columbia Wanger receives from broker-dealers and we monitor the allocations of IPOs to ensure they comply with the policies and to ensure that the policy does not result in systematic disadvantage to any client or group of clients.

When Columbia Wanger receives an IPO allocation of \$1,000,000 or less for a domestic or a global IPO, or \$400,000 or less for an international IPO, IPO allocations will be rotated among appropriate accounts in accordance with Columbia Wanger's procedures. Columbia Wanger's trading department will maintain separate rotation lists for domestic, international and global allocations by account. New client accounts normally are included in IPO allocations, subject to such rotation lists and eligibility.

Soft Dollar Policies

Columbia Wanger engages in the long-standing practice in the money management industry of acquiring research and brokerage products and services (“research products”) from broker-dealer firms in connection with placing trades from Columbia Wanger clients or funds (hereinafter referred to as “Fund” or “Funds”) with those firms. In effect, Columbia Wanger is using the commission dollars generated from the Funds to pay for these research products. The money management industry uses the term “soft dollars” to refer to this industry practice.

Columbia Wanger has a duty to seek the best combination of net price and execution. Columbia Wanger faces a potential conflict of interest with this duty when it uses Fund trades to obtain soft dollar products. This conflict exists because Columbia Wanger is able to use the soft dollar products in managing its Funds without paying cash (“hard dollars”) for the product. This reduces Columbia Wanger’s expenses.

Moreover, under a provision of the federal securities laws applicable to soft dollars, Columbia Wanger is not required to use the soft dollar product in managing those accounts that generate the trade. Thus, the Funds that generate the brokerage commission used to acquire the soft dollar product may not benefit directly from that product. In effect, those Funds are cross subsidizing Columbia Wanger’s management of the other Funds that do benefit directly from the product. This practice is explicitly sanctioned by a provision of the Securities Exchange Act of 1934, which creates a “safe harbor” for soft dollar transactions conducted in a specified manner.

Columbia Wanger attempts to reduce or eliminate the conflict associated with using soft dollars by directing trades for soft dollar products only if Columbia Wanger concludes that the broker-dealer supplying the product is capable of providing a combination of the best net price and execution on the trade. As noted above, the best net price, while significant, is one of a number of judgmental factors Columbia Wanger considers in determining whether a particular broker is capable of providing the best net price and execution. Columbia Wanger may cause a Fund to pay a brokerage commission in a soft dollar trade in excess of that which another broker-dealer might have charged for the same transaction. Columbia Wanger acquires two types of soft dollar research products: (i) proprietary research created by the broker-dealer firm executing the trade and (ii) other research created by third parties that are supplied to Columbia Wanger through the broker-dealer firm executing the trade. In the event a client or the arrangement does not allow us to utilize soft dollars on its behalf, the client account may be removed from block orders placed for our other institutional clients. Orders for the client’s account may be executed after any block trades, which may likely result in a different execution price than the block trade received.

Proprietary research consists primarily of traditional research reports, recommendations and similar materials produced by the in house research staffs of broker-dealer firms. This research includes evaluations and recommendations of specific companies or industry groups, as well as analyses of general economic and market conditions and trends, market data, contacts and other related information and assistance. Columbia Wanger’s research analysts periodically rate the quality of proprietary research produced by various broker-dealer firms. Based on these evaluations, Columbia Wanger develops target levels of commission dollars on a firm-by-firm basis. Columbia Wanger attempts to direct trades to each firm to meet these targets.

Columbia Wanger also uses soft dollars to acquire research created by third parties that are supplied to Columbia Wanger through broker-dealers executing the trade (or other broker-dealers who “step in” to a transaction and receive a portion of the brokerage commission for the trade).

The targets that Columbia Wanger establishes for both proprietary and for third party research typically will reflect discussions that Columbia Wanger has with the broker-dealer providing the research regarding the level of commissions it expects to receive for the research. However, proprietary research targets are not binding commitments, and Columbia Wanger does not agree to direct a minimum amount of commissions to any broker-dealer for soft dollar proprietary research. In setting these targets, Columbia Wanger makes a determination that the value of the research is reasonably commensurate with the cost of acquiring it. These targets are established on a calendar year basis. Columbia Wanger will receive the research whether or not commissions directed to the applicable broker-dealer are less than, equal to or in excess of the target. Columbia Wanger generally will carry over target shortages and excesses to the next year’s target. Columbia Wanger believes that this practice reduces the conflicts of interest associated with soft dollar transactions, since Columbia Wanger can meet the non-binding expectations of broker-dealers providing soft dollar research over flexible time periods. In the case of third party

research, Columbia Wanger receives company-specific research for soft dollars from independent research organizations that are not brokers. The third party is paid by the broker-dealer and not by Columbia Wanger. Columbia Wanger may enter into a contract with the third party vendor to use the research.

In certain instances, Columbia Wanger utilizes Electronic Communication Networks (ECNs) to execute trades, rather than executing trades directly with a broker-dealer to pay for research services. Columbia Wanger may direct a portion of the commissions from these trades to an introducing broker through Commission Sharing Agreements (“CSAs”). Where Columbia Wanger has executed a CSA with an introducing broker, Columbia Wanger will place a trade with the ECN, and pay the negotiated commission to the ECN. The ECN will then credit a negotiated portion of the commission to the introducing broker as requested by Columbia Wanger for the purpose of funding a pool to be used to pay for research services received by Columbia Wanger from other third parties. In addition, the ECN will credit a further portion of the commission negotiated by the ECN and the introducing broker to the introducing broker for its services administering the CSA. ECNs will make periodic lump-sum payments to the introducing brokers. CSAs are a permitted form of soft dollar transaction under the Securities Exchange Act of 1934.

Broker-dealers that provide research via third party or Broker Consolidation arrangements frequently maintain accounts on our behalf to hold the portion of commission dollars intended to facilitate future payment for research and brokerage products and services. Those accounts may, at any given time, have significant balances. In any given calendar year, an account’s balance may “carryover” to be used for research provided by the broker-dealer in subsequent years. Thus, a portion of a particular client’s commissions may accumulate and not specifically be used for research or brokerage products or services until after a client’s relationship with us terminates and new clients may benefit from current or past clients’ commissions in this manner. Further, in the event of a bankruptcy or liquidation of a broker-dealer with whom we have such arrangements, we may not be able to access or recover balances in our accounts with the broker-dealer.

In certain cases, Columbia Wanger will direct a trade to one broker-dealer with the instruction that it execute the trade and pay over a portion of the commission from the trade to another broker-dealer who provides Columbia Wanger with soft dollar research. The broker-dealer executing the trade “steps out” of a portion of the commission in favor of the other broker-dealer providing the soft dollar product. Columbia Wanger may engage in step out transactions in order to direct soft dollar commissions to a broker-dealer which provides research but may not be able to provide best execution. Brokers who receive step out commissions typically are brokers providing third party soft dollar research that is not available on a hard dollars basis. Columbia Wanger has not engaged in step out transactions as a manner of compensating broker-dealers that sell shares of investment companies managed by Columbia Wanger.

Pricing Policy

Certain responsibilities and procedures related to pricing client securities have been delegated to Columbia Wanger’s ultimate parent, Ameriprise Financial.

Columbia Wanger generally compares and shadow prices information furnished by Ameriprise Financial. Columbia Wanger may provide guidance according to procedures approved by the Columbia Acorn Trust and Wanger Advisors Trust.

For the Columbia Acorn Trust funds and the Wanger Advisors Trust funds, Ameriprise Financial acts as Columbia Wanger’s pricing agent. Ameriprise Financial has primary responsibility to furnish prices for securities held by such funds, subject to comparison by Columbia Wanger. IDC serves as a vendor of pricing systems and related technologies, and provides to Ameriprise Financial regression fair values for certain foreign securities. Columbia Wanger also may utilize additional sources to compare pricing information, including the Reuters BridgeStation. Columbia Wanger generally has no responsibility with respect to pricing securities held by the separate accounts or those clients for whom Columbia Wanger acts as sub-adviser. Such clients’ respective custodians have primary responsibility for pricing of securities held by such clients.

Columbia Wanger generally performs a “shadow pricing” function whereby Columbia Wanger will periodically review reports concerning prices of securities held by such clients.

Error Correction

On occasion, a mistake may occur in the execution of a trade. As a fiduciary, we owe clients duties of loyalty and trust, and as such must treat errors caused by us in a fair and equitable manner. Errors may occur for a number of reasons, including human input error, systems error, communications error or incorrect application or understanding of a guideline or restriction. Examples of errors include, but are not limited to the following: buying securities not authorized for a client’s account; buying or selling incorrect types of securities or instruments; buying or selling incorrect amounts of securities; buying or selling in violation of one of our policies; failure to follow specific client directives or portfolio manager instructions to buy, sell or hold securities; and incorrect allocation of trades to or between various accounts. In correcting trade errors caused by us, we do not: make the client account absorb the financial loss due to the trade error; use client commission arrangements or directed trades to fix the error; or attempt to fix the error using another client account. To the extent correction of the error results in a gain to the client’s account, we allow the client to keep the benefit, unless the gain offsets a loss in connection with a single transaction or occurrence or a series of related transactions, in which case any such gains and losses are netted. Such netting may result in lowering the amount we must reimburse the client account.

Use of Affiliated Brokers and Buy and Sell Transactions Involving Related Accounts

We may from time to time effect a cross transaction of one or more securities from one advisory client account to another client account of ours or an affiliate when we conclude that such transaction is consistent with such clients’ investment objectives and policies, applicable law and the fiduciary duty we owe to our clients (including the obligation to seek best execution). We have implemented policies and procedures governing these transactions which require that the securities be crossed at the independent current market price (as defined in the procedures) and that no brokerage commission, fee or other remuneration, except for customary administrative or transfer fees, be received by us or any other party in connection with the transaction. We will comply with any disclosure and consent requirements that may be required for cross transactions under applicable law for the relevant accounts, such as ERISA.

We may purchase securities from a broker to which we have recently sold the same securities when we believe that doing so is consistent with our fiduciary duties, particularly where the dealer is one of a limited number of brokers who hold or deal in those securities or the security is not otherwise readily available for purchase in the market.

Valuation Committees

Valuation Committees may be established in order to determine valuations for securities for which reliable market quotations are unavailable, or when Columbia Wanger believes that available market quotations are unreliable. In such instances, a Valuation Committee determines a fair value for the security.

Columbia Wanger may determine to establish additional Valuation Committees to determine whether to fair value a security held by a sub-advised or a separate account. The recommendations are only information for each client’s own valuation committees to use in making their own valuation determination. Such additional Valuation Committees’ membership will be drawn solely from Columbia Wanger personnel.

In certain instances, a security to be valued may be held by more than one client. A valuation of a security generally will be uniform across all client portfolios, unless there are reasons to maintain different valuations, such as differing valuation determinations by separate Valuation Committees of clients including registered investment company clients. Columbia Wanger personnel may inform one Valuation Committee of a valuation made by another Valuation Committee. However, the final valuation determination will be made by each Valuation Committee independently.

REVIEW OF ACCOUNTS

Reviewers and Reviews of Accounts

Each account managed by Columbia Wanger is assigned to a specific portfolio manager. The portfolio manager is responsible for becoming familiar with the client's investment objectives, policies and investment restrictions. The portfolio manager is then responsible for monitoring the client's accounts. The portfolio manager may be assisted by other managers or analysts, depending on the size, complexity and investment strategy of the account. In addition, CMIA may provide input for inspection by the portfolio managers when completing their reviews. Except for Columbia Wanger's president, who has overall responsibility for all accounts, no portfolio manager is responsible for reviewing more than ten accounts.

At least monthly, the compliance department (i) reviews the account through an examination of a detailed holdings report, (ii) analyzes the account for compliance with client investment objectives, investment policies and restrictions, and (iii) considers the industry and, where applicable, the country weighting and position sizes. At least quarterly, the portfolio manager expands the monthly review to include a review of the account's investment performance and, if applicable, compares the performance against established benchmarks and other accounts with similar investment objectives and restrictions. Columbia Wanger, or each account's respective custodian, sends monthly account statements to all clients.

Nature and Frequency of Regular Reports to Clients

Columbia Wanger provides its clients with regular reports as requested by the client and/or as agreed upon in the investment advisory agreement between the client and Columbia Wanger. Generally, Columbia Wanger or the client's custodian bank will provide the client with reports that summarize their account activities. If Columbia Wanger provides a summary, the report may also provide a summary cover sheet listing the performance data for each security, the quantity of each security owned, the market value of the securities, and the percentage holding of the portfolio. Columbia Wanger may provide more frequent reports or reports containing additional information to the extent reasonably requested by the client.

Investment Companies

Columbia Wanger responds to clients that are registered investment companies at regularly scheduled meetings of the trustees/directors of those entities. The trustees/directors typically meet at least quarterly. Columbia Wanger reports information in the form and scope requested by the trustees/directors or their counsel.

CLIENT REFERRALS AND OTHER COMPENSATION

Compensation for Client Referrals

Columbia Wanger may from time to time compensate, either directly or indirectly, persons, including employees of Ameriprise Financial/or its affiliates, for referring or soliciting clients for Columbia Wanger or for investment in an investment company or other entity to which Columbia Wanger provides management or investment services. In some cases these persons may be compensated on the amount of assets invested. If Columbia Wanger pays fees to persons for referring or soliciting clients to its firm, it will not then charge those clients any additional fees to compensate for its payments to persons unless fully disclosed to the client as required by law. Columbia Wanger charges clients only those fees in accordance with the investment management agreement between the client and Columbia Wanger. Any payment of compensation for referrals shall comply with all applicable federal and state laws.

Consultant Relationships

From time to time, we may pay a fee to a consultant for certain marketing support services, including newsletters or other reports on general industry developments, or for participation in a conference or educational seminar. Our clients or prospective clients, or their respective representatives (e.g., officials representing pension funds), may also be clients of these consultants and may choose to participate in these conferences or seminars. Any relationship between us and our clients will be separate and distinct from any relationship these clients might have

with their consultants. While we may be introduced to clients pursuant to these arrangements, these arrangements are not subject to the disclosure and consent requirements associated with the type of cash solicitation arrangements described above.

Other Compensation

We receive fees from third-party sponsors of certain managed account or asset allocation programs for services rendered. To the extent that the program sponsor is not considered our client, we would technically be receiving cash from a non-client (the program sponsor) in connection with giving advice indirectly to managed account or asset allocation program clients.

Our equity investment teams rely on one or more designated traders to support the trading function associated with the accounts they manage. A portion of the bonus pool for our equity trading personnel is based on the performance of the investment management teams and accounts they support. Our trading procedures dealing with aggregation and allocation of orders are designed to address conflicts of interest this compensation system may present (e.g., a trader's incentive to favor an account a trader supports over an account a trader does not support in order to increase the bonus pool).

CUSTODY

Columbia Wanger does not have custody as defined in Rule 206(4)-2 of the Investment Advisers Act of 1940 of client funds or securities.

INVESTMENT DISCRETION

Investment and Brokerage Discretion

Clients may retain Columbia Wanger on either a discretionary or non-discretionary basis.

Investment Discretion

With investment discretion, Columbia Wanger will normally have authority to supervise and direct the investments of and for the client's account without prior consultation with the client and will normally determine which securities are bought and sold for the account, the total amount of such purchases and sales, the brokers or dealers through which transactions will be executed, and the commission rates paid to effect the transactions. Columbia Wanger's authority may be subject to conditions imposed by the client, e.g., where the client restricts or prohibits transactions on certain types of securities or directs that transactions be effected through specific brokers or dealers.

Non-Investment Discretion

When a client does not grant investment discretion, Columbia Wanger recommends to the client which securities to buy or sell and the amounts to buy or sell. Upon approval of recommended transactions, the client may request that Columbia Wanger direct the execution of purchase or sale orders to implement the recommendations. Columbia Wanger may then have the authority to determine the brokers or dealers through which the transactions will be executed and the commission rates paid to effect the transactions. As described above with respect to discretionary accounts, the client may direct that transactions be effected through specific brokers or dealers.

Notwithstanding the above, for all accounts which Columbia Wanger currently manages, it has investment discretion.

VOTING CLIENT SECURITIES

Proxy Voting

Our proxy voting policies and procedures are designed to satisfy our fiduciary obligation with respect to proxy voting in situations where we have been vested with proxy voting authority. In voting proxies on behalf of our advisory clients, we apply the following general principles in an effort to satisfy this fiduciary obligation:

- Maximizing shareholder value;
- considering all relevant factors; and
- voting without undue influence from individuals or groups.

We have adopted proxy voting guidelines covering certain types of proposals. These guidelines indicate whether we vote for, against, or abstain from a particular proposal, or whether the matter should be considered on a case-by-case basis. The proxy voting guidelines address matters relating to boards of directors, corporate governance, compensation, capitalization, acquisitions and other restructuring transactions, takeover defenses, and certain other business matters. On an annual basis, or more frequently as determined necessary, we review our existing voting guidelines or add new guidelines. In connection with this review, we consider, among other things, industry trends and the frequency that similar proposals appear on company ballots.

Columbia Wanger votes proxies for client securities for which Columbia Wanger has been granted voting authority in a manner consistent with the best interests of its clients, without regard to any benefit to Columbia Wanger or its affiliates. Where Columbia Wanger retains voting authority, as for most client securities, Columbia Wanger examines each proxy recommendation, and votes against management's recommendation if, in its judgment, approval or adoption of the recommendation would be expected to impact adversely the current or potential market value of the issuer's securities. The best interests of a client include the potential economic return on the client's investment.

From time to time, Columbia Wanger and its affiliates may face regulatory or compliance limits on the types or amounts of voting securities that it may purchase or hold for client accounts, including ownership limits which may restrict the total percentage of an issuer's voting securities that Columbia Wanger can hold for clients. As a result, in limited circumstances in order to comply with such limits and/or internal policies designed to comply with such limits, Columbia Wanger may delegate proxy voting in certain issuers to a qualified third party to vote in the shareholders best interest. In the event a client informs Columbia Wanger that the client's other interests require a particular vote, Columbia will vote that client's proxy as the client instructs. Columbia Wanger has established a Proxy Committee, which oversees the operation of Columbia Wanger's proxy policies. For the Columbia Acorn Trust funds and the Wanger Advisors Trust funds, Columbia Wanger utilizes a third party vendor to assist in implementing the proxy voting process. For other clients for whom Columbia Wanger has voting authority, such as certain separate accounts, Columbia Wanger generally will use such clients' custodians for obtaining proxy materials. A separate account may authorize Columbia Wanger to utilize a third party vendor for proxy voting. When utilized, the third party vendor provides record keeping services, and provides internally generated proxy analysis, which may be used to supplement Columbia Wanger's research and proxy voting process. Columbia Wanger may also obtain proxy analysis information from its related persons.

Columbia Wanger maintains certain voting guidelines with respect to voting on specific matters. These voting guidelines are based on Columbia Wanger's fiduciary obligation to act in its clients' best interests, and on applicable regulation. The Proxy Committee develops guidelines to assist in the review and voting of proxy proposals. In certain instances, the Proxy Committee may direct a proxy vote which is not in accordance with the voting guidelines, when the Proxy Committee determines such vote would be in clients' best interests. The Proxy Committee also periodically reviews Columbia Wanger's proxy voting procedures. Clients, and prospective clients, may obtain a copy of Columbia Wanger's proxy voting policies and procedures. Columbia Wanger will disclose information regarding how securities in an investment company were voted through annual public filings. Clients wishing to obtain information concerning how securities in their account were voted for up to a one-year period should contact their designated Client Service Representative.

Certain non-U.S. countries require securities to be blocked prior to a vote, which means that the securities to be voted may not be traded within a specified number of days before the shareholder meeting. We typically will not

vote securities in non-U.S. countries that require securities to be blocked as the need for liquidity of the securities in the funds will typically outweigh the benefit of voting. Some of our clients may participate in securities lending programs. In these situations, where we are responsible for voting a client's proxies, we will work with the client to determine whether there will be situations where securities loaned out under these lending arrangements will be recalled for the purpose of exercising voting rights. In certain circumstances securities on loan may not be recalled due to clients' preferences or due to circumstances beyond our control.

We maintain proxy voting records and related records designed to meet our obligations under applicable law. Where permitted by and in accordance with applicable law, we may rely on third parties to make and retain, on our behalf, a copy of the relevant records. Clients may obtain a complete copy of our proxy voting policies and other information regarding how their proxies were voted upon request by writing to us at the address set forth on the first page of this brochure or calling the phone number that appears on that page.

FINANCIAL INFORMATION

We do not require or solicit prepayments from clients nor do we have custody of client funds or securities. We do, however, have discretionary authority over client funds and securities. We currently do not know of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

NOTICE OF PRIVACY POLICIES AND PRACTICES

At Columbia Wanger Asset Management maintaining our clients' trust and confidence is a high priority. That is why we want you to understand how we protect your privacy when we collect and use personal information, and the measures that we take to safeguard that information.

Information We Collect. In order for us to provide services to you, you provide us with nonpublic personal information about you ("Client Information"). Client Information we collect about you comes primarily from the forms that are completed during the client intake process and from the transactions that you make with us and others. We also may receive Client Information about you from other unaffiliated companies who provide services to you.

Disclosure of Client Information. Client Information about you or any former client is only disclosed as authorized by you or as permitted by law. For example, we may provide copies of your client statements to a third party if you request or authorize such release, or we may be required to provide Client Information pursuant to a subpoena or other legal mandate. Client Information about you or any former client is also disclosed to entities, whether or not affiliated with us, that help us to administer, maintain, and service your accounts. Also, unless we are contractually prohibited, Client Information about you may also be provided to our other financial services affiliates, including other asset management affiliates, in order to assist us, or them, in providing or offering products and services to you. However, we will not share Client Information for marketing purposes with affiliates or non-affiliates or with respect to any natural person even if they may be considered institutional clients. Our institutional policy is, of course, subject to any contractual prohibitions on our ability to share Client Information for marketing purposes and any other client-imposed restrictions on this practice.

Protecting Client Information. We provide access to Client Information only to those employees and agents (which can include affiliates and non-affiliates) who need the information to perform services for you or functions on your behalf, as well as those affiliates who may be involved in providing or offering services to you, as described above. Be assured that we maintain physical, electronic, and procedural security measures that comply with federal regulations to safeguard Client Information.

If you have any questions about how we protect and safeguard nonpublic personal information, please call your Client Relationship Manager.

Risk Disclosure Appendix

Allocation Risk.

There is a risk that portfolio's allocation among asset classes or investments will cause the portfolio to lose value or cause the portfolio to underperform other portfolios with similar investment objectives and/or strategies.

Active Management Risk.

Due to its active management, there is a risk a fund could underperform its benchmark index and/or other portfolios with a similar investment objectives and/or strategy.

Asia Pacific Region Risk.

Many of the countries in the Asian Pacific region are developing both politically, economically and/or socially, and may have relatively unstable governments and economies based on a limited number of commodities or industries. Securities markets in the Asian Pacific region are smaller and have a lower trading volume than those in the United States, which may result in the securities of some companies in the Asian Pacific Region being less liquid than similar U.S. or other foreign securities. Some currencies in the Asian Pacific region are more volatile than the U.S. dollar, and some countries in the Asian Pacific region may restrict the flow of money in and out of the country.

Asset-Backed Securities Risk.

The value of asset-backed securities may be affected by, among other things, changes in: interest rates, the market's assessment of the quality of underlying assets, the creditworthiness of the servicer for the underlying assets, information concerning the originator of the underlying assets, or the creditworthiness or rating of the entities that provide any supporting letters of credit, surety bonds, derivative instruments, or other credit enhancement. The value of asset-backed securities also will be affected by the exhaustion, termination or expiration of any credit enhancement. Asset-backed securities may be structured as fixed-, variable- or floating-rate obligations or as zero coupon, pay-in-kind or step coupon securities and may be private placed or publically offered. In addition, declining or low interest rates may lead to a more rapid rate of repayment on the underlying assets, resulting in accelerated payments on asset-back securities that then would be reinvested at a lesser rate of interest. Rising or high interest rates tend to lead to a slower rate of repayment on the underlying assets, resulting in slower than expected payments on asset-backed securities that can, in turn, lead to a decline in value. The impact to changing interest rates on the value of asset-backed securities may be difficult to predict and result in greater volatility.

Bank Obligations Risk.

Investing in bank obligations is subject to certain risks. Certain bank obligations, such as some CDs, are insured by the FDIC up to certain specified limits. Many other bank obligations, however, are neither guaranteed nor insured by the FDIC or the U.S. Government. These bank obligations are "backed" only by the creditworthiness of the issuing bank or parent financial institution. Domestic and foreign banks are subject to different governmental regulation. Accordingly, certain obligations of foreign banks, including Eurodollar and Yankee dollar obligations, involve different investment risks than those affecting obligations of domestic banks, including, among others, the possibilities that: (i) their liquidity could be impaired because of political or economic developments; (ii) the obligations may be less marketable than comparable obligations of domestic banks; (iii) a foreign jurisdiction might impose withholding and other taxes at high levels on interest income; (iv) foreign deposits may be seized or nationalized; (v) foreign governmental restrictions such as exchange controls may be imposed, which could adversely affect the payment of principal or interest on those obligations; (vi) there may be less publicly available information concerning foreign banks issuing the obligations; and (vii) the reserve requirements and accounting, auditing and financial reporting standards, practices and requirements applicable to foreign banks may differ from those applicable to domestic banks. Foreign banks generally are not subject to examination by any U.S. Government agency or instrumentality.

Changing Distribution Levels Risk.

The amount of the distributions paid by certain portfolios generally depends on the amount of interest and/or dividends received by the Portfolio Fund on the securities it holds. A portfolio may not be able to pay distributions or may have to reduce its distribution level if the interest and/or dividends the Portfolio Fund receives from its investments decline.

Concentration Risk.

Investments that are concentrated in a particular issuer, geographic region, or sector will make the Fund's value more susceptible to the events or conditions impacting the issuer, geographic region, or sector. Because of the Fund's concentration, the Fund's overall value may decline to a greater degree than if the Fund held a less concentrated Fund.

Confidential Information Access Risk.

In managing the portfolio, the investment manager normally will seek to avoid the receipt of material, non-public information (Confidential Information) about the issuers of floating rate loans being considered for acquisition by the portfolio, or held in the portfolio. The investment manager's decision not to receive Confidential Information from these issuers may disadvantage the portfolio as compared to other floating rate loan investors, and may adversely affect the portfolio's performance.

Convertible Securities Risk

Convertible securities are subject to the usual risks associated with debt securities, such as interest rate risk and credit risk. Convertible securities also react to changes in the value of the common stock into which they convert, and are thus subject to market risk. As a result, the portfolio may also be forced to convert a convertible security at an inopportune time which may decrease the portfolio's return.

Counterparty Risk.

Counterparty risk is the risk that a counterparty to a financial instrument held by the portfolio or by a special purpose or structured vehicle in which the portfolio invests may become insolvent or otherwise fail to perform its obligations. The portfolio may obtain no or limited recovery of its investment and any recovery may be significantly delayed.

Credit Risk.

Credit risk is the risk that the issuer of a fixed-income security, or the counterparty to a contract may or will default or otherwise become unable or unwilling to honor a financial obligation, such as making payments. If the portfolio purchases unrated securities, or if the rating of a security is reduced after purchase, the portfolio will depend on analysis of credit risk more heavily than usual. In addition, investments in emerging markets debt obligations also are subject to increased credit risk because of the difficulties of requiring foreign entities, including issuers of sovereign debt obligations, to honor their contractual commitments, and because emerging markets governments and other issuers have historically high default rates.

Currency Risk.

Securities denominated in non-U.S. dollar currencies are subject to the risk that, for example, if the value of a foreign currency were to decline against the U.S. dollar, such decline would reduce the U.S. dollar value of any securities held by the Fund denominated in that currency.

Custody Receipts and Trust Certificates Risk.

Custody receipts and trust certificates are derivative products that evidence direct ownership in a pool of securities. Investing in custody receipts and trust certificates is subject to certain risks. Custody receipts and trust certificates generally are subject to the same risks as the securities evidenced by the receipts or certificates. Custody receipts and trust certificates also may be less liquid than the underlying securities

Depository Receipts Risk.

Depository receipts involve the risks of other investments in foreign securities, including risks associated with

investing in the particular country, including the political, regulatory, economic, social and other conditions or events occurring in the country, as well as fluctuations in its currency. In addition, ADR holders may not have all the legal rights of shareholders and may experience difficulty in receiving shareholder communications.

Derivatives Risk.

Derivatives are financial instruments that have a value which depends upon, or is derived from, the value of something else, such as one or more underlying securities, pools of securities, options, futures, indexes or currencies. Losses involving derivative instruments may be substantial, because a relatively small price movement in the underlying security(ies), instrument, commodity, currency or index may result in a substantial loss for the portfolio. In addition to the potential for increased losses, the use of derivative instruments may lead to increased volatility within the portfolio. Derivatives will typically increase the portfolio's exposure to the principal risks to which it is otherwise exposed, and may expose the portfolio to additional risks, including correlation risk, counterparty risk, leverage risk, hedging risk and liquidity risk.

Derivatives Risk — Forward Foreign Currency Contracts.

These instruments are a type of derivative contract, whereby the portfolio may agree to buy or sell a country's or region's currency at a specific price on a specific date in the future. These instruments may fall in value, sometimes dramatically, due to foreign market downswings or foreign currency value fluctuations and the strategy of investing in these instruments may not be successful. Investment in these instruments also subjects the portfolio to counterparty risk.

Derivatives Risk – Futures Contracts.

The loss that may be incurred in entering into futures contracts may exceed the amount of the premium paid and may be potentially unlimited. Futures markets are highly volatile and the use of futures may increase the volatility of the portfolio's value. Additionally, as a result of the low collateral deposits normally involved in futures trading, a relatively small price movement in a futures contract may result in substantial losses to the portfolio. Futures contracts may be illiquid. Furthermore, exchanges may limit fluctuations in futures contract prices during a trading session by imposing a maximum permissible price movement on each futures contract. The portfolio may be disadvantaged if it is prohibited from executing a trade outside the daily permissible price movement. Futures contracts executed on foreign exchanges may not provide the same protection as U.S. exchanges. These transactions involve additional risks including counterparty risk, hedging risk and pricing risk.

Dividend and Income Risk .

The income received from the portfolio is based primarily on dividends and interest it earns from its investments as well as gains the portfolio receives from selling portfolio securities, each of which can vary widely over the short and long-term. The dividend income from the portfolio's investments in equity securities will be influenced by both general economic activity and issuer-specific factors. In the event of a recession or adverse events affecting a specific industry or issuer, the issuers of the equity securities held by the portfolio may reduce the dividends paid on such securities.

Dollar Rolls Risk.

Dollar rolls are transactions in which the portfolio sells securities to a counterparty and simultaneously agrees to purchase those or similar securities in the future at a predetermined price. Dollar rolls involve the risk that the market value of the securities the portfolio is obligated to repurchase may decline below the repurchase price, or that the counterparty may default on its obligations. These transactions may also increase the portfolio's portfolio turnover rate. If the portfolio reinvests the proceeds of the security sold, the portfolio will also be subject to the risk that the investments purchased with such proceeds will decline in value (a form of leverage risk).

Emerging Market Risk.

Securities issued by foreign governments or companies in emerging market countries are more likely to have greater exposure to the risks of investing in foreign securities that are described in Foreign Securities Risk. In addition, emerging market countries are more likely to experience instability resulting, for example, from rapid changes or developments in social, political and economic conditions. Their economies are usually less mature

and their securities markets are typically less developed with more limited trading activity (i.e., lower trading volumes and less liquidity) than more developed countries. Emerging market securities tend to be more volatile than securities in more developed markets. Many emerging market countries are heavily dependent on international trade and have fewer trading partners, which makes them more sensitive to world commodity prices and economic downturns in other countries. Some emerging market countries have a higher risk of currency devaluations, and some have a higher risk of currency devaluations

ETF Risk.

ETFs are subject to, among other risks, tracking risk, and passive, and in some cases, active management risk. In addition, investors bear both a portfolio's expenses and similar expenses incurred through ownership of the ETF.

Focused Portfolio Risk.

Because the portfolio may invest in a limited number of companies, it may be subject to greater risk of loss if any of those securities decline in price.

Foreign Currency Risk.

The performance of the portfolio may be materially affected positively or negatively by foreign currency strength or weakness relative to the U.S. dollar, particularly if the portfolio invests a significant percentage of its assets in foreign securities or other assets denominated in currencies other than the U.S. dollar.

Foreign Security Risk

Investments in foreign securities involve certain risks not associated with investments in securities of U.S. companies. Foreign securities subject the portfolio to the risks associated with investing in the particular country, including the political, regulatory, economic, social, diplomatic and other conditions or events occurring in the country or region, as well as risks associated with less developed custody and settlement practices. Foreign securities may be more volatile and less liquid than investments in securities of U.S. companies. The portfolio's performance may be negatively impacted by foreign currency strength or weakness relative to the U.S. dollar, particularly if it invests a significant percentage of its assets in foreign securities or other assets denominated in currencies other than the U.S. dollar.

Foreign Custody and Settlement Risk

Risks associated with investments in, or economically tied to, emerging market countries is comparatively higher than the risks associated with developed countries. Political and economic structures in many emerging market countries are undergoing significant evolutionary changes and rapid development, and may lack the social, political and economic stability of the more developed countries. Many countries have legal systems that can make it difficult or impossible to vote proxies, exercise shareholder rights, pursue legal remedies or obtain judgments in foreign courts with respect to investments. Some countries have limited governmental oversight and regulation of industry practices, stock exchanges, depositories, registrars, brokers and listed companies, which increases the risk of corruption and fraud that can result in fund losses. Uninsured losses can also result from lost, stolen or counterfeit securities; defaults by brokers and banks; failures or defects of the settlement system; or poor and improper record keeping by registrars and issuers.

Additional risks, specifically related to currencies and corporate actions, are also greater in emerging market countries than in developed countries. For example, some emerging market countries may have fixed or managed currencies that are not free-floating against the U.S. dollar. Further, certain currencies may not be traded internationally, and some countries with emerging securities markets have sustained long periods of very high inflation or rapid fluctuation in inflation rates which can have negative effects on a country's economy and securities markets. Corporate action procedures in emerging market countries may be less reliable and have limited or no involvement by the depositories and central banks. Lack of standard practices and payment systems can lead to significant delays in payment or possible losses.

Frequent Trading Risk

The portfolio managers may actively and frequently trade investments in the portfolio to carry out its investment strategies. Frequent trading of investments increases the possibility that the portfolio, as relevant, will realize

taxable capital gains (including short-term capital gains, which are generally taxable at higher rates than long-term capital gains for U.S. federal income tax purposes), which could reduce the portfolio's after-tax return. Frequent trading can also mean higher brokerage and other transaction costs, which could reduce the portfolio's return. The trading costs and tax effects associated with portfolio turnover may adversely affect its performance.

Frontier Market Risk

Frontier market countries generally have smaller economies and even less developed capital markets than traditional emerging market countries and, as a result, the risks of investing in emerging market countries are magnified in frontier market countries. The magnification of risks are the result of: potential for extreme price volatility and illiquidity in frontier market countries; government ownership or control of parts of private sector and of certain companies; trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which frontier market countries trade; and the relatively new and unsettled securities laws in many frontier market countries.

Geographic Concentration Risk. The portfolio may be particularly susceptible to economic, political, regulatory or other events or conditions affecting issuers and countries within the specific geographic regions in which the portfolio invests. The portfolio may be more volatile than a more geographically diversified portfolio.

Growth Securities Risk

Growth securities typically trade at a higher multiple of earnings than other types of equity securities. Accordingly, the market values of growth securities may be more sensitive to adverse economic or other circumstances or changes in current or expected earnings Document Number: 334194 Version: 5 58 than the market values of other types of securities. In addition, growth securities, at times, may not perform as well as value securities or the stock market in general, and may be out of favor with investors for varying periods of time.

Healthcare Sector Risk

Because a Portfolio may invest in the equity securities of health care companies, a portfolio's price may be more volatile than a fund that is invested in a more diverse range of market sectors. Companies in the health care sector are subject to extensive government regulation. Their profitability can be affected significantly and adversely by restrictions on government reimbursement for medical expenses, government approval of medical products and services, competitive pricing pressures, an increased emphasis on outpatient and other alternative services and other factors.

Highly Leveraged Transactions Risk

The loans and other securities in which the portfolio invests 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. Loans or securities that are part of highly leveraged transactions involve a greater risk (including default and bankruptcy) than other investments.

Index or Linked Securities (Structured Products)

The portfolio's value will generally decline when the performance of its targeted index declines. In addition, because the portfolio may not hold all issues included in its index, it may not always be fully invested. The portfolio also bears advisory, administrative and other expenses and transaction costs in trading securities, which the index does not bear. Accordingly, the portfolio's performance will likely fail to match the performance of its targeted index, after taking expenses into account. It is not possible to invest directly in an index.

Infrastructure-Related Companies Risk.

Because a portfolio may invest in infrastructure-related securities, the portfolio may have greater exposure to adverse economic, regulatory, political, legal, and other conditions or events, affecting the issuers of such securities.

Initial Public Offering (IPO) Risk.

IPOs are subject to many of the same risks as investing in companies with smaller market capitalizations. To the extent the portfolio determines to invest in IPOs, it may not be able to invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO are available to the portfolio. The investment performance of the portfolio during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when the portfolio is able to do so.

Interest Rate Risk.

IPOs are subject to many of the same risks as investing in companies with smaller market capitalizations. To the extent the portfolio determines to invest in IPOs, it may not be able to invest to the extent desired, because, for example, only a small portion (if any) of the securities being offered in an IPO are available to the portfolio. The investment performance of the portfolio during periods when it is unable to invest significantly or at all in IPOs may be lower than during periods when the portfolio is able to do so.

Investments in Other Investment Companies.

Investing in other investment companies is subject to certain risks. Although a portfolio may derive certain advantages from being able to invest in shares of other investment companies, such as to be fully invested, there may be potential disadvantages. Investing in other investment companies may result in higher fees and expenses for a portfolio and its shareholders.

Investment Strategy Risk.

The adviser uses the principal investment strategies and other investment strategies to seek to achieve the portfolio's investment objective. There is no assurance that the portfolio will achieve its investment objective. Investment decisions made by the adviser in using these strategies may not produce the returns expected by the adviser, may cause the portfolio to lose value or may cause the portfolio to underperform other portfolios with similar investment objectives.

Issuer Risk.

An issuer may perform poorly, and therefore, the value of its securities may decline, which would negatively affect the Fund's performance. Poor performance may be caused by poor management decisions, competitive pressures, breakthroughs in technology, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures or other events, conditions or factors.

Liquidity Risk.

Liquidity risk is the risk associated with a lack of marketability of investments which may make it difficult to sell the investment at a desirable time or price. The portfolio may have to lower the selling price, sell other investments, or forego another, more appealing investment opportunity. Judgment plays a larger role in valuing these investments as compared to valuing more liquid investments.

Low and Below Investment Grade Securities.

Investing in low and below investment grade securities and comparable unrated securities is subject to certain risks. The rates of return on these types of securities generally are higher than the rates of return available on more highly rated securities, but generally involve greater volatility of price and risk of loss of principal and income, including the possibility of default by or insolvency of the issuers of such securities.

Master Limited Partnership Risk.

Investing in master limited partnerships generally is subject to the risks applicable to investing in a partnership as opposed to a corporation, which may include fewer protections afforded to investors. Additional risks include those associated with the specific industries in which a master limited partnership invests, such as the risks associated with investing in the real estate or oil and gas industries.

Mid-Sized Company Risk.

Investments in mid-sized companies often involve greater risks than investments in larger, more established companies because mid-sized companies tend to have less predictable earnings and may lack the management experience, financial resources, product diversification and competitive strengths of larger companies. Securities

of mid-sized companies may trade on the over-the-counter market or on regional securities exchanges and the frequency and volume of their trading may be substantially less than is typical of larger companies.

Mortgage-Backed Securities.

The value of the portfolio's mortgage-backed and other asset-backed securities may be affected by, among other things, changes or perceived changes in: interest rates, factors concerning the interests in and structure of the issuer or the originator of the mortgages or other assets, the creditworthiness of the entities that provide any supporting letters of credit, surety bonds or other credit enhancements, or the market's assessment of the quality of underlying assets. Payment of principal and interest on some mortgage-backed securities (but not the market value of the securities themselves) may be guaranteed by the full faith and credit of the U.S. Government or by its agencies, authorities, enterprises or instrumentalities, which are not insured or guaranteed by the U.S.

Government. Mortgage-backed securities issued by non-governmental issuers (such as commercial banks, savings and loan institutions, private mortgage insurance companies, mortgage bankers and other secondary market issuers) may entail greater risk than obligations guaranteed by the U.S. Government, whether or not such obligations are guaranteed by the private issuer. Mortgage-backed securities are subject to prepayment risk, which is the possibility that the underlying mortgage may be refinanced or prepaid prior to maturity during periods of declining or low interest rates, causing the portfolio to have to reinvest the money received in securities that have lower yields. Rising or high interest rates tend to extend the duration of mortgage-backed securities, making them more volatile and more sensitive to changes in interest rates.

Opportunistic Investing Risk.

Undervalued securities involve the risk that they may never reach their expected full market value, either because the market fails to recognize the security's intrinsic worth or the expected value was misgauged. Undervalued securities also may decline in price even though the Investment Manager believes they are already undervalued. Turnaround companies may never improve their fundamentals, may take much longer than expected to improve, or may improve much less than expected. Development stage companies could fail to develop and deplete their assets, resulting in large percentage losses

Prepayment and Extension Risk.

Prepayment and extension risk is the risk that a loan, bond or other security or investment might be called or otherwise converted, prepaid or redeemed before maturity and the portfolio managers may not be able to invest the proceeds in other investments providing as high a level of income, resulting in a reduced yield to the portfolio. As interest rates decrease or spreads narrow, the likelihood of prepayment increases. The portfolio managers may be unable to capitalize on securities with higher interest rates or wider spreads because the portfolio's investments are locked in at a lower rate for a longer period of time.

Portfolio Turnover Risk.

A high portfolio turnover rate increases transaction costs, which may increase the portfolio's expenses. Frequent and active trading may also cause adverse tax consequences for investors in the portfolio due to an increase in short-term capital gains.

Private Placement and Other Restricted Securities.

Private placement securities are securities that have been privately placed and the offer and sale of which are not registered under the 1933 Act. They are eligible for sale only to certain eligible investors. Investing in private placement and other restricted securities is subject to certain risks. Private placements may be considered illiquid securities. Private placements typically are subject to restrictions on resale as a matter of contract or under federal securities laws. Because there may be relatively few potential purchasers for such securities, especially under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, a Fund could find it more difficult to sell such securities when it may be advisable to do so or it may be able to sell such securities only at prices lower than if such securities were more widely held. At times, it also may be more difficult to determine the fair value of such securities for purposes of computing a Fund's net asset value (NAV) due to the absence of a trading market.

Real Estate Investment Trust (REIT) Risk.

Investment in real estate investment trusts (REITs) and in securities of other companies (wherever organized) principally engaged in the real estate industry subjects the portfolio, among other risks, risks similar to those of direct investments in real estate and the real estate industry in general, including risks related to general and local economic conditions, possible lack of availability of financing and changes in interest rates or property values. REITs are entities that either own properties or make construction or mortgage loans, and also may include operating or finance companies. The value of REIT shares is affected by, among other factors, changes in the value of the underlying properties owned by the REIT, by changes in the prospect for earnings and/or cash flow growth of the REIT itself, defaults by borrowers or tenants, market saturation, decreases in market rates for rents, and other economic, political, or regulatory matters affecting the real estate industry, including REITs. REITs and similar non-U.S. entities depend upon specialized management skills, may have limited financial resources, may have less trading volume in their securities, and may be subject to more abrupt or erratic price movements than the overall securities markets. REITs are also subject to the risk of failing to qualify for tax-free pass-through of income. Some REITs (especially mortgage REITs) are affected by risks similar to those associated with investments in debt securities including changes in interest rates and the quality of credit extended.

Reinvestment Risk.

Reinvestment risk is the risk that the portfolio will not be able to reinvest income or principal at the same rate it is currently earning.

Rule 144A Securities Risk.

A portfolio may invest in privately placed securities that have not been registered for sale under the Securities Act of 1933 pursuant to Rule 144A (Rule 144A securities). An insufficient number of qualified institutional buyers interested in purchasing Rule 144A securities could affect adversely the marketability of such securities and the portfolio might be unable to dispose of such securities promptly or at reasonable prices. A portfolio may also have to bear the expense of registering the securities for resale and the risk of substantial delays in effecting the registration. Additionally, the purchase price and subsequent valuation of restricted and illiquid securities normally reflect a discount, which may be significant, from the market price of comparable securities for which a liquid market exists.

Sector Risk.

At times, the portfolio may have a significant portion of its assets invested in securities of companies conducting business in a related group of industries within an economic sector. Companies in the same economic sector may be similarly affected by economic, regulatory, political or market events or conditions, making the portfolio more vulnerable to unfavorable developments in that economic sector than portfolios that invest more broadly. The more a portfolio diversifies its investments, the more it spreads risk and potentially reduces the risks of loss and volatility.

Short Selling Risk.

The portfolio may establish short positions which introduce more risk to the portfolio than long positions (where the portfolio owns the instrument) because the maximum sustainable loss on an instrument purchased (held long) is limited to the amount paid for the instrument plus the transaction costs, whereas there is no maximum price of the shorted instrument when purchased in the open market. Therefore, in theory, short positions have unlimited risk. The portfolio's use of short positions in effect "leverages" the portfolio. Leverage potentially exposes the portfolio to greater risks of loss due to unanticipated market movements, which may magnify losses and increase the volatility of returns. To the extent the portfolio takes a short position in a derivative instrument, this involves the risk of a potentially unlimited increase in the value of the underlying instrument.

Small and Mid-Sized Company Risk.

Investments in small- and mid-capitalization companies (small- and mid-cap companies) often involve greater risks than investments in larger, more established companies (larger companies) because small- and mid-cap companies tend to have less predictable earnings and may lack the management experience, financial resources, product diversification and competitive strengths of larger companies, and securities of small- and mid-cap companies may be less liquid and more volatile than the securities of larger companies.

Small Company Risk.

Investments in small-capitalization companies (small-cap companies) often involve greater risks than investments in larger, more established companies (larger companies) because small-cap companies tend to have less predictable earnings and may lack the management experience, financial resources, product diversification and competitive strengths of larger companies, and securities of small-cap companies may be less liquid and more volatile than the securities of larger companies.

Special Situations Risk.

Securities of companies that are involved in an initial public offering or a major corporate event, such as a business consolidation or restructuring, may present special risk because of the high degree of uncertainty that can be associated with such events. Securities issued in initial public offerings often are issued by companies that are in the early stages of development, have a history of little or no revenues and may operate at a loss following the offering. It is possible that there will be no active trading market for the securities after the offering, and that the market price of the securities may be subject to significant and unpredictable fluctuations. Investing in special situations may have a magnified effect on the performance of portfolios with small amounts of assets.

Technology Sector Risk.

Because a portfolio may invest in technology companies, a portfolio's price may be more volatile than a portfolio that is invested in a more diverse range of market sectors. Companies in the technology sector are subject to significant competitive pressures, such as aggressive pricing of their products or services, new market entrants, competition for market share, short product cycles due to an accelerated rate of technological developments and the potential for limited earnings and/or falling profit margins.

U.S. Government and Related Obligations.

While U.S. Treasury obligations are backed by the "full faith and credit" of the U.S. Government, such securities are nonetheless subject to credit risk (i.e., the risk that the U.S. Government may be, or may be perceived to be, unable or unwilling to honor its financial obligations, such as making payments). Securities issued or guaranteed by federal agencies or authorities and U.S. Government-sponsored instrumentalities or enterprises may or may not be backed by the full faith and credit of the U.S. Government.

Value Securities Risk.

Value securities are securities of companies that may have experienced, for example, adverse business, industry or other developments or may be subject to special risks that have caused the securities to be out of favor and, in turn, potentially undervalued. The market value of a portfolio security may not meet the portfolio manager's perceived value assessment of that security, or may decline in price, even though the portfolio manager(s) believe the securities are already undervalued. There is also a risk that it may take longer than expected for the value of these investments to rise to the portfolio manager's perceived value. In addition, value securities, at times, may not perform as well as growth securities or the stock market in general, and may be out of favor with investors for varying periods of time.

Zero-Coupon Pay-In-Kind and Step-Coupon Securities.

Zero-coupon bonds are bonds that do not pay interest in cash on a current basis, but instead accrue interest over the life of the bond. As a result, these securities are issued at a discount and their values may fluctuate more than the values of similar securities that pay interest periodically. Although these securities pay no interest to holders prior to maturity, interest accrued on these securities is reported as income.

Additional Risks

The following risk descriptions are designed to help clients anticipate some of the challenges and risks associated with the asset management industry today. Clients should speak with their consultants or other financial advisers for more information regarding these and other risks associated with making an investment. When we provide advisory services to a client, we are serving as an investment manager only with respect to those assets we manage and not with respect to the client's other assets or with an eye towards the client's overall financial situation.

No Guarantee of Performance

All investments involve risk (the amount of which may vary significantly), investment performance can never be predicted or guaranteed, even when employing very conservative strategies such as those employed by money market mutual funds or other accounts that seek preservation of capital. The market value of client assets will fluctuate due to market conditions and other factors, such as liquidity and volatility. The assumptions associated with certain investment strategies that are derived and tested over longer periods (e.g., quantitative strategies) may not be meaningful, and such strategies may demonstrate relative weakness, during periods of unprecedented market conditions, since, by definition, those conditions may not be reflected in any historical data or research conducted to create the strategies.

Implementation Risk

Disorderly market conditions or periods of market stress may make it difficult or impossible for us to pursue an investment strategy or objective. During these periods, it may be difficult or impossible to buy or sell investments at certain prices or at all. Moreover, volatility or events associated with markets, sectors or issuers may make it difficult to implement certain policies and procedures designed to ensure equal treatment among client accounts. For example, while our trading procedures are designed to ensure equal treatment among all clients, volatility on any given day may cause clients to receive materially different prices on the same securities. This may create performance dispersions among accounts with the same or similar investment mandate.

Strategy-Specific Risks

Clients should also consider risks associated with the investment mandate you have engaged us to implement. Each client should consider those risks in its decision to engage us and in connection with the client's overall investment program. A consultant or financial adviser engaged to evaluate a client's overall investment program can assist clients with an evaluation of risks associated with investment strategies.

Counterparty Arrangements

We enter into many counterparty arrangements in connection with our asset management business. These arrangements support our trading, custody and investment activities, and some of the counterparties we use have relationships with our affiliates as well. Reliable counterparty arrangements and the ability to assess counterparty risks have become a critical part of our day-to-day operations and we endeavor to manage these risks in accordance with our fiduciary duty to clients. While we seek to manage these risks, exposure to counterparty failures, including bankruptcies and defaults, is sometimes unavoidable and can result in sudden and unanticipated shocks to our operations or investments resulting from the inability to carry out transactions or satisfy liquidity demands.

Resource Constraints

Unfavorable market conditions and budget constraints may impact our ability to retain or attract talented employees or allocate resources as we otherwise would during periods of economic stability. Moreover, the inherent conflict of interest associated with certain arrangements (e.g., the receipt of research in exchange for client commissions) is heightened when our business is under pressure to reduce overhead expenses in response to market conditions that impact our revenues. While we may make resource allocations designed to streamline or bring more efficiency to our operations during periods of economic stress, we will not compromise our fiduciary standards or compliance with our policies and procedures that are reasonably designed to prevent violations.

Regulatory Uncertainty

Recent market events are likely to result in significant regulatory reform, which could impact the way we operate our business or pursue client objectives. For example, from September 19 – October 3, 2008, due to market events, the US Securities and Exchange Commission took temporary emergency action to prohibit short selling in over 800 financial services companies. Similar action was taken by regulators in other countries. This short sale ban imposed temporary limitations on our ability to fully implement certain investment strategies. There is no guarantee that similar limitations or other regulatory constraints will not be imposed in the future.

Segregated Account Advantages

Investors in pooled vehicles may wish to consider the different levels of liquidity and transparency provided to segregated account owners pursuing the same investment strategy as a pooled vehicle. Greater visibility and access to underlying holdings could allow a segregated account holder to implement strategies (e.g., hedging techniques) that could prove disadvantageous to pooled fund vehicles or their investors. It is our current policy to seek representations from segregated account clients indicating that they are establishing and will be maintaining their accounts solely for the purpose of investing and not with a view to effecting securities transactions based upon such information or providing such information to another party.