



ColumbiaManagement<sup>SM</sup>

## Columbia Tax-Exempt Fund

Hello, my name is Kim Campbell, Vice President and Portfolio Manager of the Columbia Tax-Exempt Fund. In this video, I'd like to discuss municipal bond investing, and give you a broad overview of our fund.

### **Why municipal bonds?**

Municipal bond funds hold bonds issued by state and local governments as well as revenue bonds issued by a variety of entities such as hospitals, toll roads, and universities. Generally, income is tax-exempt at the federal level. If the fund owns municipal bonds issued in the home state of the investor, then, typically, this interest is also tax-free at the state level.

We are excited about the tax-exempt income theme and we believe municipal bond funds will continue to attract investors for their favorable tax treatment and diversification benefits. We see the recent rise in yields as actually an opportunity for investors to lock in greater after-tax returns. Yields of investment grade munis are now at levels not seen since the first quarter of 2009, and munis continue to provide attractive after-tax returns relative to Treasuries.

Recently, some analysts and media stories have predicted dire consequences for many states. While our investment team agrees that some states and municipalities face very serious fiscal challenges, we believe that predictions of mass defaults are exaggerated. Solutions will require difficult decisions, but the states have the tools and ability to act. We believe the solutions will likely result in a combination of spending cuts, employment and benefit changes, as well as some tax increases.

### **What is your process for managing the Columbia Tax-Exempt Fund?**

Current market conditions call for active management, and a deep and experienced investment team. I have been the portfolio manager of the Columbia Tax-Exempt fund since 2002, and have been a member of the industry since 1980. Through the years, I have experienced various market cycles — both positive and not so positive. The investment experience I have gathered over the last 30 years has helped shape my investment philosophy and process in an effort to provide strong, competitive returns for our shareholders.

One of the distinguishing characteristics of Columbia's recently combined municipal organization is our size. With over \$40 billion in muni assets under management and 20 municipal investment professionals, Columbia Management represents one of the largest mutual fund families in the industry, and we are able to take advantage of the benefits that arise from such scale.

Now, more than ever, investors need to understand the underlying credit risks of the bonds they own. While it is very difficult for an individual investor to manage their own credit research, our large team of nine muni credit analysts produces independent and thorough research to support our issue selection and our on-going credit surveillance. A competitive advantage of our team is the depth of investment knowledge we have gained through multiple market cycles.

### **How is your fund positioned to take advantage of current market conditions?**

The Columbia Tax-Exempt Fund is well-positioned to take advantage of the current investment environment. The fund is structured to provide an attractive after-tax yield, which is supported by its allocation to bonds in the long- to intermediate-maturity range that were generally purchased in a higher interest rate environment.

Although the fund has more than 40% of its assets in AAA and AA rated bonds, its exposure to bonds rated A and below support its attractive yield.

---

In closing, we believe that the Columbia Tax-Exempt Fund may be appropriate for investors who are looking for an actively and professionally managed fund which provides an attractive yield, exempt from federal taxes.

Thank you for taking the time to learn about the Columbia Tax-Exempt Fund. For more information on this fund, I encourage you to visit our website: [columbiamanagement.com](http://columbiamanagement.com)

---

The views expressed are as of the date given, may change as market or other conditions change, and may differ from views expressed by other Columbia Management Investment Advisers, LLC (CMIA) associates or affiliates. Actual investments or investment decisions made by CMIA and its affiliates, whether for its own account or on behalf of clients, will not necessarily reflect the views expressed. This information is not intended to provide investment advice and does not account for individual investor circumstances. Investment decisions should always be made based on an investor's specific financial needs, objectives, goals, time horizon, and risk tolerance. Asset classes described may not be suitable for all investors. Past performance does not guarantee future results and no forecast should be considered a guarantee either. Since economic and market conditions change frequently, there can be no assurance that the trends described here will continue or that any forecasts are accurate.

**Investors should consider the investment objectives, risks, charges and expenses of a mutual fund carefully before investing. For a free prospectus, which contains this and other important information about the funds, visit [columbiamanagement.com](http://columbiamanagement.com). The prospectus should be read carefully before investing.**

Risks include the creditworthiness of issues held in the fund and changes in interest rates. When interest rates go up, bond prices typically drop and vice versa. A portion of income may be subject to state taxes and federal alternative minimum tax (AMT) for individuals and corporations. Capital gains earned on tax-exempt investments are taxable.

Credit ratings typically range from AAA (highest) to D (lowest) and are subject to change.

Columbia Management Investment Advisers, LLC and its affiliates do not offer tax or legal advice. Consumers should consult with their tax advisor or attorney regarding their specific situation.

Investment products are not federally or FDIC-insured, are not deposits or obligations of, or guaranteed by any financial institution, and involve investment risks including possible loss of principal and fluctuation in value.

Columbia Funds are distributed by Columbia Management Investment Distributors, Inc., member FINRA and managed by Columbia Management Investment Advisers, LLC.