

Key Information

Portfolio Managers

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RiverSource Dividend Opportunity Fund

Performance

RiverSource Dividend Opportunity Fund (the Fund) Class A shares fell 10.71% (excluding sales charge) for the three months ended June 30, 2010. The Fund outperformed its benchmark, the Russell 1000® Value Index (Russell Index), which lost 11.15% during the period. The Fund also modestly outperformed its peer group represented by the Lipper Equity Income Funds Index, which decreased 10.91% over the same time frame.

Environment

The U.S. equity market finished the three months ended June 30, 2010 at its lowest close since October 2009. While the market peaked in late April, disappointing performance in May followed — the biggest contributor to the quarter’s weak performance, followed by a struggling June. During these months, investors became somewhat skeptical of the recovery and concerns regarding macroeconomic conditions heightened. While unemployment levels stabilized, they remained persistently high. Existing and new home sales dropped following the expiration of the government home-buyer tax credit on April 30, 2010. Further, worries about the sovereign debt crises in Greece and peripheral Europe, fears of government policy tightening in China that might start to cool economic growth there, and announcements regarding U.S. financial regulation reform combined to renew concerns about global economic growth. In turn, the shift in investor sentiment led to weakness in the U.S. equity market through the end of June. While all segments of the U.S. equity market were down for the quarter, mid-cap stocks held up best, followed closely by small-cap stocks. Large-cap stocks trailed. Value stocks marginally outpaced growth stocks within the large-cap and mid-cap segments of the U.S. equity market during the second quarter of 2010, but growth stocks outpaced value stocks within the small-cap segment of the capitalization spectrum.

All sectors within the Russell Index declined on an absolute basis during the second quarter, and there was unusually tight correlation in performance among sectors. That said, relative to the Russell Index, the best performers during the second quarter were the classically defensive sectors, including consumer staples, telecommunication services and utilities. The weakest performers were the more economically-sensitive cyclical sectors, namely materials and

Average annual total returns (%) for periods ending June 30, 2010					
Class A shares	1-year	3-year	5-year	10-year	Total Expense ratio
With sales charge	10.84%	-11.40%	-0.57%	-0.46%	1.13%

The average annual total returns reflect the maximum initial sales charge of 5.75%. The performance information shown represents past performance and is not a guarantee of future results. The investment return and principal value of your investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information shown. To obtain performance information current to the most recent month-end by visiting riversource.com/investments.

**Top Holdings (% of net assets)
as of June 30, 2010**

Bristol-Myers Squibb	3.94
AT&T	3.70
Chevron	3.63
Lorillard	3.53
Verizon Communications	3.21
Enbridge	2.76
Pfizer	2.65
Merck	2.56
Philip Morris International	2.51
Du Pont (E.I.) De Nemours	2.29

Top 10 holdings are shown in descending order of value and exclude short-term holdings and cash, if applicable. Fund holdings are as of the date given, are subject to change at any time, and are not recommendations to buy or sell any security.

industrials. Somewhat of an exception to this trend was health care, traditionally a more defensive sector, but a poor performer during the second quarter.

RiverSource Dividend Opportunity Fund outperformed its benchmark index, and importantly, the Fund maintained a net dividend yield at a level in excess of 150% of the broader market yield (as represented by the S&P 500 Index) during the quarter. (The net dividend yield is the dividend yield after expenses.) The Fund's quarterly performance was helped most by sector allocation decisions. Specifically, significant exposure to telecommunication services and utilities, the two best performing sectors in the Russell Index during the quarter, boosted the Fund's results most. Each of these sectors also continued to provide high dividend yields. Elsewhere, having a significant position in **Enbridge** in the energy sector helped the Fund's results, as the natural gas pipeline company performed well during the quarter. Within the energy sector, however, the strong performance of Enbridge was partially offset by the detracting effect of having a sizable position in **BP** at the start of the second quarter. We did dramatically reduce the Fund's position in BP when the company announced that its dividend would be in moratorium for an extended period following the Gulf of Mexico oil spill disaster. There were no significant detractors from Fund performance from a sector allocation perspective.

Outlook

At the end of the second quarter, we favored those segments of the industrials, information technology, materials and energy sectors whose businesses are more globally oriented, as we believe these areas will be the beneficiaries of ongoing global — not just U.S. — economic growth. A particular area of focus is those companies with a business presence in the emerging markets. While there appeared to be some consensus that recent government actions by China to temper its economy may lead to a meaningful contraction in emerging market growth more broadly over the next year, we do not agree. We saw some ripple effect from China during the second quarter, but we believe it will be short-lived and that we will not see a sustained pull-back in emerging market economic growth. Indeed, in our view, emerging markets will continue to enjoy above-average economic growth as compared to the global economy overall.

Also, with heightened uncertainty during the second quarter surrounding the potential impact of financial regulatory reform, we believe there may be an opportunity in the near term to increase the Fund's exposure to select financials whose valuations may have been affected more than actually warranted by the risks associated with such reform.

On the other hand, at the end of the second quarter, there were two major structural concerns that dominated our view ahead for the equity market. First was job growth. In the face of stubborn unemployment levels, we believe it will take not just saving jobs but actual job growth in significant numbers before a "virtuous cycle" of positive economic indicators is sparked and becomes more sustainable. Second is the major fiscal deficits faced not only by the U.S. but also by many nations around the world. It may be that the much-headlined troubles faced by Greece, Ireland, Italy, Spain and Portugal during the first half of 2010 may only be "fire drills" for what the U.S. may confront going forward. We believe these structural risks, along with inconsistent housing indicators, are oriented toward the consumer side of the economy. Thus, while consumer spending saw an upswing during the past year or so, such positive numbers may prove temporary, supported by various now-expired stimulus programs and other tax

incentives put in place by the government.

Given this view, we remain somewhat cautious regarding the consumer-focused areas of the equity market, including consumer discretionary, doubtful that the performance these sectors generated during the latter months of 2009 and first months of the current year will be sustainable through 2010. Indeed, we already began seeing signs of such vulnerability during the second calendar quarter. As we believe these sectors face more risk than others if the big structural issues are not resolved, we intend to maintain the Fund's modest exposure to these consumer-focused areas for the near term.

As always, we intend to focus on individual stock selection. We continue to seek to take larger positions in individual stocks when we believe we have identified factors that other investors have either missed, ignored or strongly disagree with, and that have the potential to move the share values higher. Of course, we intend to continue carefully monitoring economic data and shifts in market conditions as we seek stock-specific opportunities to add value for our shareholders. It is well worth noting that through the second calendar quarter of 2010, there appeared to be strong consensus with regard to fears of synchronized global macroeconomic retrenchment. As contrarian investors, we intend to bet against such consensus, seeing such a broadly-held view by others — combined with generally low equity market valuations at the end of June 2010 — as a potential source of outperformance for our style of investing.

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 riversource.com/investments. Read the prospectus carefully before investing.

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It is not possible to invest directly in an index.

The **Russell 1000 Value Index**, an unmanaged index, measures the performance of those stocks in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth values. The index reflects reinvestment of all distributions and changes in market prices.

The **Lipper Equity Income Funds Index** includes the 30 largest equity income funds tracked by Lipper Inc. The index's returns include net reinvested dividends. The Fund's performance is currently measured against this index for purposes of determining the performance incentive adjustment.

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