

RiverSource California Tax-Exempt Fund

FUND DESCRIPTION

Asset Class

Municipal Bond

Investment Category

Muni California Long

Objective

Tax-exempt income for California investors

Strategy

The Fund invests at least 80% of net assets in municipal debt obligations that are generally exempt from federal income tax as well as from California state and local income taxes. While the Fund invests mainly in investment grade securities, up to 25% may be invested in higher-yielding, lower quality obligations, seeking potentially higher income for the portfolio.

PORTFOLIO MANAGEMENT

YEARS IN: FIRM IND.

Catherine Stienstra

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FUND DETAILS

Inception Date

Class A 8/18/1986
Class B 3/20/1995
Class C 6/26/2000

Ticker

CUSIP

Class A ICALX 768911109
Class B ACABX 768911208
Class C RCTCX 768911307

TOTAL NET ASSETS

Fund Net Assets (\$M) 151.0

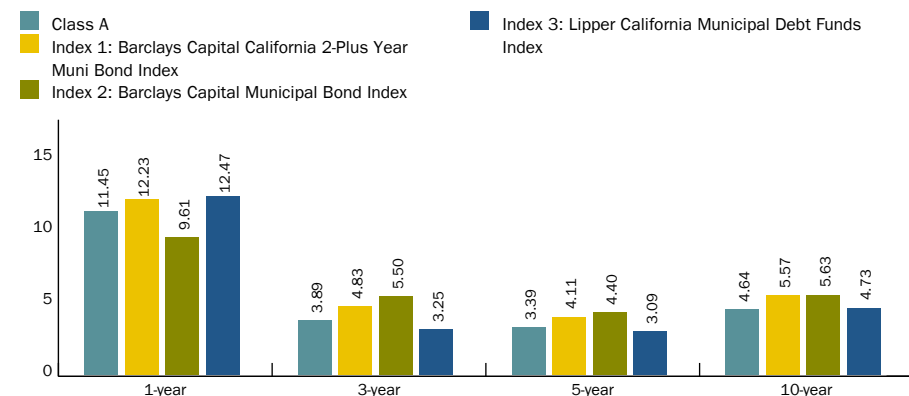
FUND PERFORMANCE (%)

Without Sales Charges	1-year	3-year	5-year	10-year	Since Inception	Max Sales Charge	Maximum CDSC	Expense	
								* Ratio Gross	** Ratio Net
Class A	11.45	3.89	3.39	4.64	5.53	-	-	0.86	0.82
Class B	10.64	3.04	2.58	3.83	3.95	-	-	1.61	1.57
Class C	10.63	3.04	2.58	3.85	3.88	-	-	1.61	1.57
With Sales Charges									
Class A	6.15	2.21	2.39	4.13	5.31	4.75	-	0.86	0.82
Class B	5.64	2.11	2.23	3.83	3.95	-	5.00	1.61	1.57
Class C	9.63	3.04	2.58	3.85	3.88	-	1.00	1.61	1.57
Index 1	12.23	4.83	4.11	5.57	-	-	-	-	-
Index 2	9.61	5.50	4.40	5.63	-	-	-	-	-
Index 3	12.47	3.25	3.09	4.73	-	-	-	-	-

The performance information shown represents past performance and is not a guarantee of future results. The investments 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. You may obtain performance information current to the most recent month-end by visiting riversource.com/investments.

*Fund expense ratios are calculated based on the Fund's average net assets during the Fund's most recently completed fiscal year, and have not been adjusted for current asset levels. If adjusted for any decrease or increase in assets, expense ratios would be higher or lower, respectively, than the numbers shown above. The expense ratios include the effect of acquired fund fees and expenses, if any. Please see the Fund's prospectus for a complete list of operating expenses.

**The net expense ratio reflects a fee waiver, if any. The investment manager and its affiliates have contractually agreed to waive certain fees and to absorb certain expenses until the Fund's fiscal year end, unless sooner terminated at the discretion of the Fund's board. Any amount waived will not be reimbursed. The Fund's expenses include interest and fee expense related to participation in inverse floater programs where the Fund has transferred fixed rate municipal bonds it owns to a trust that issues inverse floating rate securities and related floating rate notes. Please see the prospectus for a detailed breakdown of the Fund's expenses.



CALENDAR YEAR RETURNS (%)

Class A without sales charges.

	2009	2008	2007	2006	2005
RiverSource California Tax-Exempt Fund CI A	15.88	-7.35	0.97	4.66	3.78
Barclays Capital California 2-Plus Year Muni Bond Index	12.79	-4.65	2.75	5.24	4.28
Barclays Capital Municipal Bond Index	12.91	-2.47	3.35	4.85	3.53
Lipper California Municipal Debt Funds Index	17.67	-10.80	0.97	5.01	4.09

It is not possible to invest directly in an index.

The Barclays Capital California 2-Plus Year Municipal Bond Index, an unmanaged index, is a market value-weighted index of California investment-grade fixed-rate municipal bonds with maturities of two years or more.

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

NOT FDIC INSURED

MAY LOSE VALUE

NO BANK GUARANTEE

ColumbiaManagement



PORTFOLIO STATISTICS

	FUND
Number of Holdings	90
Duration (years)	10.56
Average Maturity (years)	20.29
SEC Yield	3.97
Fund Fiscal Year End	8/31/10

RISK MEASURES

(3-year period)

	FUND	INDEX
Standard Deviation	7.90	7.20
Sharpe Ratio	0.42	0.48
Beta	1.07	1.00
Alpha	-0.40	0.00
R-Squared	0.95	1.00

CREDIT QUALITY (%)

	FUND
Govt/Agency	0.00
AAA	5.60
AA	39.10
A	41.85
BBB	12.81
BB	0.71
B	0.00
CCC & Below	0.00
Cash	1.69
Not Rated/Other*	-1.76

MATURITY (%)

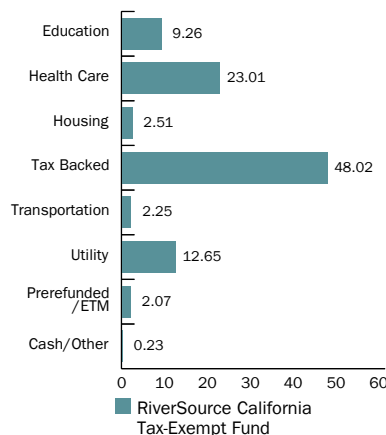
	FUND
0-1 Year	2.88
1-3 Years	0.97
3-7 Years	3.07
7-10 Years	2.33
10-15 Years	13.01
Above 15 Years	77.74

COMPARATIVE INDEX

Barclays California 2-Plus Year Muni Bond Index

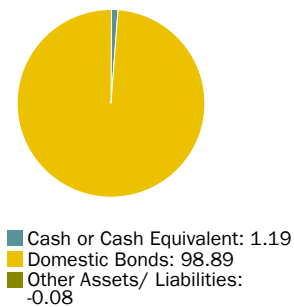
SECTOR ALLOCATION (%)

Subject to change.



ASSET ALLOCATION (%)

Subject to change.



* Includes the effect of cash designated for the payment of securities that have been purchased by the Fund on a forward-commitment basis, if any.

DEFINITIONS

Alpha- measures the relationship between the Fund's performance and its beta over a three-year period. Alpha greater than 0.0 means an investment has performed better than the compared index given its level of risk. It can be viewed as a measure of the value added by the Fund manager.

Average Maturity- is a measure of investment risk; it is the weighted average of the maturities, or due dates, of all bonds held in a portfolio not considering other factors.

Beta- measures an investment's volatility relative to a market index. The index is equivalent to 1.0. An investment with a beta greater than 1.0 has been more volatile than the index while an investment with a beta less than 1.0 has been less volatile.

Credit Quality- Bond ratings apply to underlying holdings of the Fund and not the Fund itself. Whenever possible, the Standard and Poor's (S&P) rating is used to determine the credit quality of a security. S&P rates the creditworthiness of bonds, with 15 categories ranging from AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. If S&P doesn't rate a security, then Moody's rating is used. If a security is not rated by one of these two agencies, the bond is designated as Not Rated.

Duration- expressed in years, measures a bond portfolio's change in value for every 1% change in interest rates. Longer durations indicate higher rate sensitivities.

R-Squared- measures how closely the Fund's performance matches (or doesn't match) the performance of its benchmark index.

SEC Yield- Computed under an SEC standardized formula representing the net investment income earned by a fund over the preceding 30 day period, expressed as an annual percentage rate based on the maximum public offer price (POP) per share on the last day of the period. The SEC yield should be regarded as an estimate of the Fund's rate of investment income reflecting an estimated yield to maturity (assuming all current portfolio holdings are held to maturity), and it may not equal the Fund's actual income distribution rate or the income paid to a shareholders account. The SEC Yield reflects fee waivers in effect, if any. In the absence of such waivers, yields would be reduced.

Sharpe Ratio- divides an investment's return in excess of the 90-day Treasury bill by the investment's standard deviation to measure risk-adjusted performance.

Standard Deviation- measures an investment's historical volatility in performance.

The Barclays Capital Municipal Bond Index, an unmanaged index, is made up of a representative list of general obligation, revenue, insured and pre-refunded bonds. The index is frequently used as a general measure of tax-exempt bond market performance.

The Lipper California Municipal Debt Funds Index includes the 30 largest municipal debt funds in California tracked by Lipper Inc. The Lipper index's returns include net reinvested dividends.

You 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, call 1(800) 221-2450. Read the prospectus carefully before investing.

Income from tax-exempt funds may be subject to state and local taxes and a portion of income may be subject to the federal and/or state alternative minimum tax for certain investors. Federal income tax rules will apply to any capital gains distribution.

There are risks associated with an investment in a bond fund, including credit risk, interest rate risk, and prepayment and extension risk. In general, bond prices rise when interest rates fall and vice versa. This effect is usually more pronounced for longer-term securities. Non-investment grade securities, commonly called "high-yield" or "junk" bonds, have more volatile prices and carry more risk to principal and income than investment grade securities.

RiverSource® mutual funds are distributed by Columbia Management Investment Distributors, Inc. (formerly known as RiverSource Fund Distributors, Inc.), member FINRA and managed by Columbia Management Investment Advisers, LLC (formerly known as RiverSource Investments, LLC).