HANDBOOK OF INVESTING IN CEFs AND ETFs

CAPITAL LINK FORUM

6th ANNUAL

Closed-End Fund and Global ETF Conference

April 18, 2007
New York City

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MOST INNOVATIVE NEW ETF PRODUCT IN 2006
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Winner:
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To the Fund Sponsor who practices best financial disclosure and is proactive in & shareholder communications
Winner:
Vanguard Financial Advisor Services

BEST INVESTOR RELATIONS WEBSITE IN 2006
To the Fund Sponsor who maintains the most informative and user friendly financial website
Winner:
iShares managed by Barclays Global Investors

MOST INNOVATIVE INDEX IN 2006
To the Fund Sponsor who came up with the most innovative Index in 2006
Winner:
WisdomTree Investments, Inc.

FOR CONTRIBUTION TO THE ETF SECTOR IN 2006
Awarded to an individual for his/her contribution to the ETF sector in 2006
Winner:
Bruce Bond, President, PowerShares

BEST ETF FOCUSED PUBLICATION IN 2006
Awarded to the publication covering the ETF sector most thoroughly
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FACILITATING THE EXCHANGE OF INFORMATION AND INTERACTION AMONG CEFs AND ETFs AND INVESTORS

Closed-End Funds and ETFs have experienced a dramatic increase in the number and variety of asset classes available for investment. Also, there is a multitude of investment strategies and methods presenting investors with substantial choices fitting their objectives and risk profile.

Capital Link has made a strategic commitment to the Closed-End Fund and ETF sector aiming to facilitate the exchange of information among the funds and the investing public.

In this context, our Closed-End Fund and Global ETF Forum, in its 6th year now, plays a key role and has established itself as a key industry Forum. Its goal is to present the investment community with the latest developments and trends in the area of CEFs and ETFs and to facilitate the effective interaction among a diversified audience which includes analysts, fund managers, product specialists, financial planners, financial advisors, private bankers, retail and institutional brokers, and the investment community at large.

Our cooperation with all the Stock Exchanges, analysts, major brokerage firms and financial advisors actively involved with CEFs and ETFs and our partnership with major financial media ensure a Forum agenda covering the latest and most interesting topics, as well as attendance by a large and high caliber investor group coupled with continuing and extensive publicity after the event.

Within the context of our Forum, we also organize annually the Closed-End Fund & ETF Awards, aimed to identify and recognize those fund sponsors and executives who consistently apply high standards of financial disclosure, investor and shareholder relations. The Awards are based on nominations by a committee of analysts and industry specialists who actively follow CEFs and ETFs. Capital Link is not part of the Nominating Committee.

We want to express our sincere thanks and appreciation to the analysts, the sponsors and our media partners who have contributed to the continued success of this event.

With the occasion of the Forum, we took the initiative of putting together this Handbook to provide investors with lasting information on key topics covered in our Forum and as well as on the CEF and ETF industry in general. We hope you will find it useful.

Sincerely,
Nicolas Bornozis
President


Exchange Traded Funds
The Future of Investing
Explore
New Investment Horizons with
Tactical ETF Portfolios from XTF:
• Risk-based
• Target Date
• Country Rotation
• Sector Rotation

XTF: ETF Experts

XTF is an investment management company that enables investors to take advantage of the benefits of exchange traded funds (ETFs) through its actively managed ETF portfolio solutions and in-depth ETF research.

As ETF experts, XTF builds extremely well-diversified portfolios that fully exploit the advantages of ETFs—their transparency, diversification, low-cost and tax-efficiency. These key ETF characteristics allow the ability to precisely measure and manage asset class exposure never before available in the investment industry. XTF capitalizes on this capability within its core active management strategies which employ tactical asset allocation.

XTF products using this new investment paradigm are available in a broad spectrum of structures: unit investment trusts, separately managed accounts, open- and closed-end funds, variable insurance trusts, 401(k)s and all sub-advised vehicles.

XTF Investment Strategy: ETF-based Tactical Asset Allocation
XTF's core investment strategy involves three steps.

First, XTF creates strategic asset allocations using state of the art algorithms that optimize the expected return-risk tradeoff. The company annually reviews the strategic asset allocation of each portfolio to assess the relative performance of each asset class and the portfolio as a whole. This attribution analysis enhances XTF's ability to offer optimal portfolios.

Next, XTF builds each portfolio using ETFs—ETFs that we have determined through our proprietary ETF research and analysis provide the best match for each asset class in the strategic allocation. The portfolios use ETFs for their low cost, their transparency, their minimal tracking error, liquidity, and, perhaps most importantly, because ETFs can be used to target asset classes with pinpoint precision.

Finally, XTF applies a tactical asset allocation (TAA) model to the portfolios. The TAA aims to deliver superior investment results through a proprietary, active asset allocation methodology, not by security selection. The model quantifies the attractiveness of equities verse bonds by considering multiple measures ranging from relative value indicators to the state of the economy. XTF uses the model output to adjust the strategic allocations in each asset class with the objective of enhancing returns while reducing investment risk.

XTF's Tactical Asset Allocation (TAA) model was developed over many years of financial and econometric research. On a daily basis the tactical model looks at multiple characteristics for each equity asset class and assesses its risk/return potential versus bonds. If the model registers that the outlook for large cap equities, for example, is favorable compared to bonds, the model will generate a signal to overweight the large cap allocation.

The model allows the portfolio to dynamically take advantage of strong market asset classes or capitalize on favorable investment opportunities for one asset class over another. Note that the TAA will not change the types of investments in a portfolio, only the percentage of the portfolio invested in particular asset classes.

XTF Products and Services

XTF's Target Date ETF Portfolios (2010 – 2040+) ETF model (lifecycle) portfolios with a strategic glide path that adjusts the asset allocation year by year as the investor ages over time. The signals of the XTF TAA model are used to modify asset class exposure opportunistically with market movements.

ETF Tactical Portfolios: Core risk-based ETF portfolios with graded levels of equity, designed to fit the risk profiles of long-term investors — from the most conservative to the most aggressive.

ETF Sector Rotation and Country Rotation Portfolios: Two ETF portfolios that tactically allocate assets into and out of sectors or countries based on a quantitative model and a strict buy and sell discipline. The rotation portfolios are implemented using a variation of the TAA model described above. However, they model each sector or country in place of the core equity classes that comprise our core products. These portfolios employ a binary strategy, where the portfolio is either completely in or out of a sector/country depending on whether the model has a bullish or bearish view on the sector/country. If XTF believes that a sector or country will underperform intermediate term U.S. Treasuries (UST) it will move completely out of that sector or country and into the intermediate-term UST. Conversely, if the sector or country is expected to outperform the intermediate-term UST, XTF will invest in the sector or country ETF. Sectors/countries are equally weighted.

There are 10 sectors modeled in the Sector Rotation Portfolio: defined by the S&P 500 Global Industry Classification Structure (GICS): Financials, Information Technology, Health Care, Consumer Staples, Telecommunication Services, Consumer Discretionary, Materials, Industrials, Utilities, Energy.

There are currently 13 countries included in the Country Rotation Portfolio: The Netherlands, Germany, France, Switzerland, Italy, United Kingdom, Belgium, Australia, Singapore, Hong Kong, Japan, Canada, and South Africa.

ETF Rating Service: An ETF rating service designed to help professional and individual investors make more educated decisions when choosing an ETF for investment. XTF rates ETFs over two broad categories: structural integrity and investment metrics.

The structural integrity rating helps investors determine which ETFs in the marketplace are the most soundly constructed. It ranks ETFs on a percentile basis and focuses on measures such as tracking error, tax efficiency, capital gains distributions, expenses, and bid-ask ratios. .

The fundamental factors that determine an ETF's investment rating aim to provide a comprehensive view of what we believe is the ETF's performance potential—based on its investment category. Because historical performance is generally uncorrelated to future performance, all but one of the measures are forward-looking; measures include risk-adjusted historical performance, yield measures, short-term versus long-term price movement, diversification, and other fundamental metrics.

ABOUT XTF

XTF Global Asset Management LLC and its subsidiaries, XTF Capital and XTF Advisors is based in New York and was founded in 2000. More information can be found at www.xtf.com.

6th ANNUAL Closed-End Fund and Global ETF Conference

Wednesday, April 18, 2007 - New York City

CAPITAL LINK FORUM
Closed-End Fund And Global ETF Conference

7:15 – 8:00	REGISTRATION	
8:00	Welcome Remarks	**Mr. Nicolas Bornozis**, President, Capital Link
8:05 – 9:00	RISK MITIGATION STRATEGIES Moderated by: **Mr. Dennis P. Emanuel** Managing Director & Senior Analyst, Closed-End Fund & ETF Research, Citigroup Investment Research	UPDATE ON ACTIVELY MANAGED ETFs **Mr. Tony Baker** Managing Director - ETF Marketplace, American Stock Exchange CAN BUY-WRITE AND VOLATILITY INDEXES HELP ADD INCOME & BOOST RISK-ADJUSTED RETURNS? **Mr. Matthew T. Moran** Vice President, Chicago Board Options Exchange (CBOE) MITIGATING RISK IN INSTITUTIONAL PORTFOLIOS USING ETFs **Mr. Brent W. Hillhouse** Institutional Sales Executive, The Vanguard Group
9:00 – 10:00	EXCHANGE TRADED FUNDS (ETFs) Moderated by: **Ms. Mariana Bush** Closed-End Funds & Exchange-Traded Funds Analyst, Wachovia Securities	THE EVOLUTION OF INDEXING AND ETFs **Mr. Edward R. McRedmond** Senior Vice President - Portfolio Strategies, PowerShares Capital Management TRENDS IN INTERNATIONAL ETFs **Mr. Kevin Quigg** Vice President and Director of Sales State Street Global Advisors XTF Advisors **Mr. Michael J. Woods** Chief Executive Officer, XTF Advisors
10:00 – 10:40	FIXED INCOME INVESTING Moderated by: **Mr. Paul Mazzilli** Executive Director ETF Research, Morgan Stanley	INVESTING IN FIXED INCOME THROUGH ETFs **Ms. Natalie Pickering, PhD.** Principal, iShares, Barclays Global Investors GLOBAL FIXED INCOME **Mr. Derek Fulton** Global Fixed Income Portfolio Manager, Aberdeen Asia-Pacific Income Fund and Aberdeen Global Income Fund, Aberdeen Asset Management
10:40 – 11:20	EQUITY INVESTING Moderated by: **Mr. Kris Rollenhagen** Sr.V.P.- Research, Closed-end and ETFs, Oppenheimer & Co	FINANCIAL ENGINEERING SOLUTIONS FOR TODAY'S INVESTOR **Mr. Paul Zemsky, CFA** Head of Multi-Asset Strategies and Solutions Group, ING Investment Management EVERGREEN UTILITIES & HIGH INCOME FUND **Mr. Timothy O'Brien**, Portfolio Manager, Evergreen Investments

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FIRST Trust ADVISORS L.P.

BARCLAYS GLOBAL INVESTORS

iShares

powerSHARES Xchange Traded Funds

XTF ETF EXPERTS

BRONZE SPONSORS

Aberdeen

Evergreen Investments

ING INVESTMENT MANAGEMENT

CALAMOS INVESTMENTS Strategies for Serious Money

STATE STREET GLOBAL ADVISORS SSgA

Vanguard

11:20 - 12:20 | **FIRM STRATEGIES**

Moderated by:
Mr. Jon Maier
Investment Strategy Group –
Closed-End Funds
Merrill Lynch

BLACKROCK INVESTMENTS
Mr. Brendan Kyne, Vice President,
Product Development, BlackRock Investments

CALAMOS INVESTMENTS
Mr. Kenneth Fincher, Vice President,
Director of Product Management &
Client Advocacy, Calamos Investments

FIRST TRUST ADVISORS
Mr. Jeffrey Margolin, Vice President
and Closed-End Fund Analyst,
First Trust Advisors

12:20 – 1:00 | **CLOSED-END FUNDS**

Moderated by:
Ms. Amy M. Charles
Vice President, Director -
Closed-End Fund Research
Raymond James

THE INSTITUTIONALIZATION OF THE CLOSED-END FUND MARKET
Mr. Doug Bond, EVP & Portfolio Manager,
Cohen & Steers Closed-End Opportunity Fund,
Cohen & Steers

INVESTMENT OPPORTUNITIES IN THE ENERGY INFRASTRUCTURE SECTOR
Mr. David J. Schulte, Managing Director,
Tortoise Capital Advisors

1:15 – 2:45 | **LUNCHEON & KEYNOTE SPEAKER**

Mr. Ralph L. Schlosstein
President and Founding Partner
BLACKROCK
"Evolution of the Asset Management Business"

CEF & ETF Awards Ceremony

3:00 – 3:40 | **INDUSTRY ROUNDTABLES**

CLOSED-END FUNDS: CURRENT TRENDS, OPPORTUNITIES & CHALLENGES

Moderated by:
Mr. Kenneth Fincher
Vice President
Director of Product Management &
Client Advocacy,
Calamos Investments

CEF Panel
Mr. Steven A. Baffico, Director of Strategic Initiatives, BlackRock Investments
Mr. Jeffrey Margolin, Vice President and Closed-End Fund Analyst, First Trust Advisors
Ms. Karen R. McColl, CFA, Vice President, Investment Product Management, Evergreen Investments
Mr. Jonathan Isaac, Vice President, Closed-End Funds, Eaton Vance Management

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3:40 – 4:20 | **INDUSTRY ROUNDTABLES**

ETFS: CURRENT TRENDS, OPPORTUNITIES & CHALLENGES

Moderated by:
Mr. Jim Wiandt
Editor, Journal of Indexes,
Publisher, IndexUniverse.com
& ETFR

ETF Panel
Mr. Robert C. Brooks, National Sales Manager, PowerShares Capital Management
Mr. Michael J. Woods, Chief Executive Officer, XTF Advisors
Mr. Kevin Quigg, Vice President and Director of Sales State Street Global Advisors
Mr. Michael Fardy, Principal, iShares Barclays Global Investors
Ms. Melissa L. Nassar, Principal, Vanguard Financial Advisor Services

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4:20 – 5:00 | **INDUSTRY ROUNDTABLES**

INVESTING THROUGH CEFs AND ETFs

Moderated by:
Mr. Victor Quagliero
Vice President,
Product Specialist,
RBC Dain Rauscher

ETFs & CEFs AS INVESTMENT VEHICLES
Mr. Edward R. McRedmond, SVP - Portfolio Strategies, PowerShares Capital Management
Mr. Mark Armbruster, Chief Investment Officer, Alesco Advisors
Mr. Thomas Carter, Managing Director, Business Development, ALPS Fund Services

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5:00 – 6:00 | **COCKTAIL RECEPTION METROPOLITAN CLUB**

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Eaton Vance
NYSE Group
Cohen & Steers
Tortoise Capital Advisors
ALPS Fund Services

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Forbes.com
IndexUniverse
Financial Planning
Institutional Investor.com
Registered Rep.

CEF AWARDS

NOMINATING COMMITTEE

Herb Blank, President, QED International

Mariana Bush, Closed-End Funds & Exchange-Traded Funds Analyst, Wachovia Securities

Amy Charles, Director Closed-End Fund Research, Raymond James & Associates

John Cejka, Closed-End Fund Analyst, A.G. Edwards

Dennis Emanuel, Managing Director, Closed-End Fund & ETF Research, Citigroup Investment Research

Jon Maier, Investment Strategy Group, Merrill Lynch

Sangeeta Marfatia, Closed End Fund Analyst, Director, UBS Wealth Management Research

Paul Mazzilli, Executive Director ETF Research, Morgan Stanley

Kristoph Rollenhagen, Sr, V.P. - Research, Closed-end & Exchange-Traded Index Funds, Oppenheimer Capital

Victor E. Quagliero, Vice President, Senior Product Strategist, RBC Dain Rauscher

Gregory Neer, Closed-End Fund Research Analyst, Stifel Nicolaus

Jeff Tjornehoj, Research Analyst, Lipper - A Reuters Company

Joseph G. Witthohn, CFA, Closed-end Fund and ETF Analyst, Janney Montgomery Scott

Mr. Jim Wiandt, Editor, Journal of Indexes, Publisher, IndexUniverse.com & ETFR

Introduction by:
Mrs. Lucille M. Conklin, Managing Director, Bear Wagner Specialists

MOST INNOVATIVE CLOSED-END FUND IN 2006
To the Fund Sponsor who came up with the most innovative New Product in 2006
Winner:
Alpine Global Dynamic Dividend Fund

BEST SHAREHOLDER RELATIONS BY A NON-US CEF FUND FAMILY IN 2006
To the Fund Sponsor who practices best financial disclosure and is proactive in shareholder communications
Winner:
ING Investment Management

BEST SHAREHOLDER RELATIONS BY A US EQUITY FUND CEF FAMILY IN 2006
To the Fund Sponsor who practices best financial disclosure and is proactive in shareholder communications
Winner:
Eaton Vance Management

BEST SHAREHOLDER RELATIONS BY A FIXED INCOME FUND FAMILY IN 2006
To the Fund Sponsor who practices best financial disclosure and is proactive in shareholder communications
Winner:
BlackRock Investments

BEST INVESTOR RELATIONS WEBSITE IN 2006
To the Fund Sponsor who maintains the most informative and user friendly financial website
Winner:
Nuveen Investments

FOR CONTRIBUTION TO THE CLOSED-END FUND SECTOR IN 2006
Awarded to an individual for his/her contribution to the Closed-End Fund sector in 2006
Winner:
Kenneth Fincher, Vice President, Director of Product Management and Client Advocacy, Calamos Investments

ETF AWARDS

NOMINATING COMMITTEE

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WisdomTree investments, Inc. Asset Management

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Winner:
Dodd Kittsley, Director of the Strategy and Research Group, State Street Global Advisors

BEST ETF FOCUSED PUBLICATION IN 2006
Awarded to the publication covering the ETF sector most thoroughly
Winner:
IndexUniverse

The Annual Closed-End Fund & ETF Awards, an initiative of Capital Link, a New York based investor relations and financial communications firm, aim to identify and recognize annually those fund sponsors and executives who consistently apply high standards of financial disclosure, investor and shareholder relations.

The Awards are based on nominations by a committee of analysts and industry specialists who actively follow CEFs and ETFs. Capital Link is not part of the Nominating Committee. Also, members of the Nominating Committee cannot be candidates for the Awards. The Awards are presented within the context of the Annual Forum on Closed-End Funds & Global ETFs organized by Capital Link.

SPOTLIGHT ON CLOSED END FUNDS

BY DOUG BOND

Cohen & Steers Closed-End Opportunity Fund (NYSE: FOF), the first-ever fund of closed-end funds, completed a successful IPO last November. The exchange-traded fund seeks competitive total returns by investing in the common stock of closed-end funds that invest in income-producing sectors and strategies. Doug Bond, the fund's portfolio manager, discusses the rationale behind the FOF launch and his expectations for the closed-end fund market.

To understand why Cohen & Steers launched a closed-end fund of closed-end funds, it helps to understand something about our company. Since inception in 1986, Cohen & Steers has maintained a strategic focus on high-yielding equity sectors. Initially specializing in U.S. REITs, today the company also has teams and funds dedicated to global real estate securities, preferred securities, utilities, value equities and other high-dividend paying common stocks.

When Cohen & Steers launched FOF, we were responding to an investment opportunity. Many closed-end funds offer high current income and sell at discounts to NAV-in part, because they are not broadly followed, and a lack of coverage within a relatively illiquid market can create compelling opportunities. The recent growth in new funds has widened the gap and enlarged the opportunity.

Closed-end funds outperformed the broader U.S. stock markets in 2006, driven by a 50% decrease in new issuance and a shift in investor sentiment. Low prices, which created a wave of tax-related selling in late 2005, inspired bargain hunters as 2006 unfolded. Low prices, high current income and widespread discounts to NAV convinced many investors that closed-end funds in the secondary market were an attractive value proposition.

At Cohen & Steers, we believe that closed-end funds will continue to present significant opportunities in 2007. While the 2006 rally is unlikely to repeat itself, we believe that the current interest-rate environment will be a positive catalyst. Closed-end funds should benefit from stable or declining interest rates-first, because of the effect on leveraged funds' borrowing costs, and second, because investor sentiment will improve as investors focus on funds that are likely to increase their dividends. (Of course, the converse is also true; rising interest rates would dampen many closed-end funds' performance.)

The closed-end fund market has remained quite active so far this year. In the primary market, the level of new issue activity has rebounded strongly; new issue supply through March is 20% greater than the total for 2006. While this may have a temporary impact on secondary market prices of existing funds, we believe these new deals serve to enlarge both the total size of the closed end fund investment opportunity and the number of investors familiar with closed-end funds.

Doug Bond is the portfolio manager for Cohen & Steers' Closed-End Opportunity Fund and leads the firm's closed-end portfolio consulting effort with Van Kampen Investments.

Exchange Traded Funds (ETFs) Closed End Funds (CEFs): A Review

By Michael Woods,
CEO, XTF advisors

ETF and CEFs are sometimes considered relatives: both can be bought and sold intraday on an exchange, both have an underlying basket of securities, both are usually lower-cost than open-end mutual funds, both seem to be in a creative phase of development that has attracted investor interest. The structural differences between the two are substantial, however.

Growth of ETFs and CEFs

ETFs have shown explosive growth in assets and new listings. In March, there were 460 ETFs on the market with 288 ETFs in registration; ETF assets were close to $440 billion. ETFs have become immensely popular for their tax-efficiency, transparency, instant execution and lower management costs compared to most mutual funds-features valued by institutional and retail investors alike. Barclay's, the largest ETF provider, for example, estimates that institutional and retail investors each hold 50% of BGI's ETF assets; they also estimate that 80% of the trading volume is institutional.

CEFs also have experienced growth in assets and listings-though nothing near that of ETFs. As of the end of 2006 there were 684 CEFs (up from 482 at the end of 2000) and in 2001 through 2005, assets in closed-end equity funds increased by $68 billion, or 186%, while assets in closed-end bond funds rose by $65 billion, or 61%. So far this year CEF IPOs have raised record-breaking assets and 30 more IPOs are expected at the NYSE this year.

ETFs versus CEFs: Passive versus Active

CEFs are professionally managed active portfolios that generally attract assets because of a manager's skill: his ability to create yield and select securities.

ETFs are generally passive, index-based investment vehicles that give targeted exposure to various broad and/or specialized market segments, asset classes, styles, etc. ETFs either replicate their target index entirely, or they construct optimized portfolios, investing in a representative sample of the stocks in the underlying index. With ETFs investors know their investment exposures exactly. ETFs allow shareholders to invest in portions of the market with pinpoint accuracy. With ETFs one can create robust, diversified portfolios in which risk is easily measured and managed. ETFs enable superior asset allocation decisions, usually considered the most important choice an investor makes.

As a result of the passive management of ETFs, their low turnover and unique "in kind" redemption process, capital gain exposure is minimized. With ETFs there is no shareholder "subsidy" for the trading of other investors. Instead, most ETF investors have a tax liability only when they sell their own shares; their tax obligation is most often based on the original purchase price.

ETFs and CEFs Usually Have Lower Costs than Open-End Mutual Funds

ETFs, like index funds, generally cost much less than actively managed mutual funds and CEFs; they do not have an administrative customer servicing structure and they have a passive investment strategy. Because CEFs do not incur ongoing costs associated with creating and redeeming investor shares, CEFs also usually have somewhat lower fees than mutual funds.

The Pricing of ETFs versus CEFs

ETF Pricing: Creation Redemption Process Allows the ETF to Closely Track NAV

The ETF "basket" of underlying securities is transparent and published every day, and the pricing of an ETF tracks closely with its NAV. The pricing of ETFs is efficient because they offer shares through a creation and redemption process; the number of outstanding shares may be increased or decreased daily as necessary to reflect demand.

The creation redemption process allows for "in kind" exchanges. Market makers simply buy the underlying securities of the ETF index in large amounts and turn these securities into the fund, which issues the appropriate creation unit. This is known as an "in-kind" exchange. ETF units are just as easily destroyed through the reverse process, also "in kind". (Redemptions occur when large financial institutions holding large blocks (generally, multiples of 50,000 shares) of an ETF want to exchange their shares for the actual securities underlying the ETF). The creation redemption process ensures price efficiency-often referred to as no arbitrage. The ETF creation redemption process is very different from regular mutual funds, whose shares are created by the mutual-fund company when cash is received from investors and who must redeem existing shares with cash back to the investor.

CEF Pricing: Sells at a Premium or Discount to NAV

Unlike ETFs and open-end mutual funds, CEFs have a fixed number of shares outstanding that are issued to the public in an initial public offering. Shares are then bought and sold to and from investors on an exchange. CEF managers have a stable pool of capital: assets do not flow in and out of the portfolio with investor buying and selling patterns, and investor trading doesn't affect the fund manager's performance record.

In addition, CEF managers can put the stable capital to work in a long-term strategy, or in less liquid securities or markets. CEF managers can also afford to keep less cash in their portfolio, eliminating most cash drag.

The price of a CEF share is driven purely by market demand, whereas the creation redemption process allows ETFs to adapt to demand without a significant impact on price. The CEF may trade at a premium or discount to its NAV. In fact, usually the market price of a CEF is lower than its NAV, and frequently can diverge from its market price by as much as 5%-7%. (Recently, however, the discount for all closed-end funds has been quite narrow; in March, for example, the median discount was at 2.34%--the lowest in 12 months.) The ability to invest in a CEF at a discount has made bond CEFs attractive to many investors. Because the CEF pays out income based on its NAV, rather than its market price, a bond CEF will often pay a higher yield than a comparable open-end fund.

ETF and CEF Investment Options: New Trends

Today the majority of ETFs track domestic and foreign equity indexes. Fixed income ETFs were not introduced until mid-2002 and since 2003 there have been only 6 fixed income ETFs on the market. The exclusive emphasis on equity ETFs has started to turn. Barclay's, for example, just issued 9 new fixed income ETFs, bringing the fixed income total up to 15, and another 9 are in registration. The addition of diverse lineups of fixed income ETFs can be used to implement strategic or tactical investment strategies far more efficiently than by using individual bonds. This is especially important in the secondary market of the bond world, where the fair market value of a bond has been difficult for the average investor to assess.

New ETFs in the marketplace have also begun to push the envelope of classic passive investing, using indexes that are non-market-cap weighted: e.g. equal weighted or fundamentally weighted. The FTSE RAFI index constituents, for example, are weighted using four fundamental factors, equally-weighted: total cash dividends, free cash flow, total sales and book value. Richard Kang anticipates that fundamental index providers of that consistently outperform market cap indexes will start to make their case for "statistical alpha".

Most CEFs aim to offer the investor steady income, and thus over two-thirds of the assets in CEFs have been in bond funds; indeed, given the historically low interest rate environment in the US through June 2005, the majority of CEF strategies focused on municipal bond funds and used leverage-for tax efficiency and to boost yield.

The CEF sector is still dominated by funds that focus on municipal bonds; however, about two-thirds of the $24 billion in assets raised by CEFs through IPOs last year went to funds that focus on dividend-paying stocks. CEF managers have had to adapt to a new market environment since the Fed began raising its target short-term interest rate in 2005 from a 46-year low of 1%. Many of the most recent CEFs use a dividend capture strategy, aiming to capture more dividend payments with the same investment capital by rotating between securities.

The New Ireland Fund, Inc.

Strong economic activity has provided a powerful backdrop for Irish corporate profitability in recent years. The Irish equity market has benefited from the ability of Irish corporates to capitalize on strong domestic demand and in many cases use this as a springboard to pursue successful international growth strategies. These dynamics have been reflected in the performance of the Irish equity market over the last 10 years through Q1 2007 - cumulative total USD returns have been 315% compared to 120% and 85% over the same period for the S&P 500 and MSCI World Indices respectively. Despite this strong outperformance, market valuations remain attractive with the benchmark ISEQ index trading on a 2007 PER of 13.8x, in line with its long run average. Market EPS growth forecasts are for 16% in 2007 followed by 15% in 2008.

The Irish economic success story continued unabated in 2006 with GDP growth of 6%. Forecasts are for 5.5% GDP growth in 2007 extending an annual average growth rate of 5% since 2001. The Central Bank of Ireland (CBOI) estimates the economy's long-term growth rate potential at 4-5%, driven principally by demographics and strong government finances. Demographic trends continue to underpin robust domestic demand - NCB Stockbrokers estimate that population growth will reach 5.3m by 2020 (from 4.1m in 2006) with the key economically active age group of 15-64 years accounting for 70% of the population at that point. This secular demographic shift and net immigration will continue to drive both household formation and rising income levels. Government finances remain in rude health with a current government surplus of 2.3% of GDP supporting extensive capital spending on services and infrastructure under the National Development Plan. Low corporation tax rates (12.5%) and Ireland's geographic positioning at the gateway to the Euro area continue to attract foreign investment flows, driving up labor force productivity and keeping the economy in its full employment range of 4-4.5% unemployment. Short term catalysts for consumer spending include the release of some €16bn in funds by April 2007 under the maturing of special savings accounts and an expansionary fiscal budget in late 2006, which saw a broad-based reduction in the overall income tax burden.

The New Ireland Fund Inc. provides US investors with unique access to the Irish economic growth story. The fund's investment objective is long-term capital appreciation through investing primarily in the equity securities of Irish growth companies. The fund also retains the flexibility to invest up to 20% of its assets in the equity securities of non-Irish companies that are listed on a recognised exchange. The Fund has strong performance history with strong outperfromance registered against both the ISEQ and S&P500 index over a rolling 1, 3 and 5 year period.

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February 9, 2007

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Closed-End Funds 101

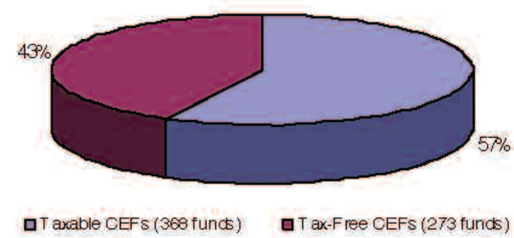
Closed-end funds (CEFs) are investment vehicles, actively managed by separate entities known as investment advisors, distinguished by their unique features and benefits. There are currently over 600 CEFs, each with their own unique investment objective, be it capital growth, current income, or a combination of the two. Shares of CEFs are created through an initial public offering (IPO), after which they trade on a major stock exchange, similar to common stocks. As a result of trading on an exchange, CEFs will have both a market price and a net asset value (NAV). Market prices fluctuate based on supply and demand and typically trade above (premium) or below (discount) the fund's NAV. This characteristic, as well as others explained throughout this report, differentiate CEFs from their open-end mutual fund counterparts.

Types of Closed-End Funds

Tax-Free (Municipal) Funds

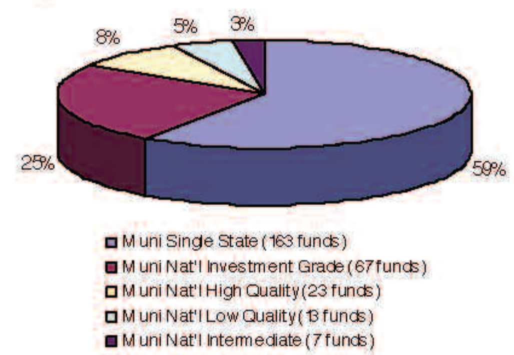
Municipal funds account for a little less than half of all CEFs. These funds seek to provide current income exempt from regular federal income tax by investing in municipal securities - bonds issued by state and local governments and agencies. Single-state municipal funds are intended to provide income free from state-related taxes as well. Options available within the municipal fund sector besides the typical investment-grade long-term funds are insured funds, intermediate-term funds, and funds with substantial amount of low-quality or non-rated funds. A breakdown of these various sub-sectors can be seen in Chart B to the right. The majority of municipal funds utilize a leveraging strategy, which is explained in greater detail later in this report.

Chart A 641 Closed-End Funds (1/31/07)



Source: Thomson Financial and Raymond James & Associates

Chart B Tax-Free Funds (1/31/07)



Source: Thomson Financial and Raymond James & Associates

Taxable Funds

The taxable fund arena can be broken down into two categories - income-oriented funds and equity-oriented funds. Those hybrid funds that combine the two objectives are typically categorized as equity-oriented under the sector equity-income.

Taxable income funds invest in bonds or other debt-related instruments. These include securities such as mortgage-backed securities, U.S. government bonds, corporate bonds, senior bank loans, and preferred

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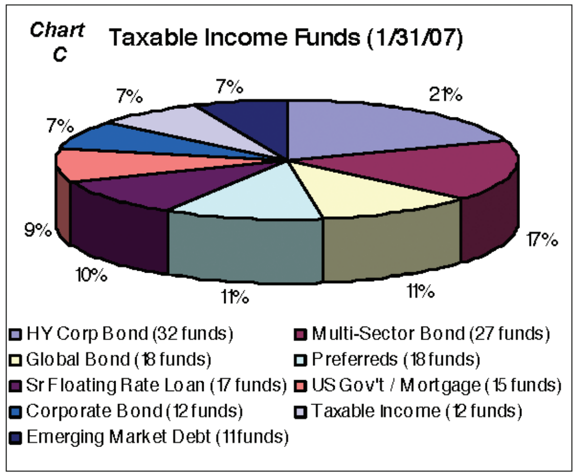
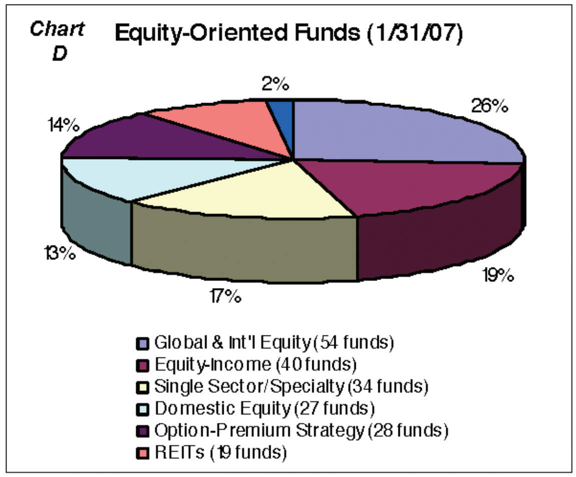
stock. Some funds concentrate on one particular type of debt instrument, while others invest in various forms of debt securities (i.e. multi-sector bond funds). There are also a number of funds that invest in international securities, both in developed and emerging market countries. A breakdown of the various sectors within the taxable income fund category is available in Chart C.

There are a wide array of equity-oriented funds to suit both investors looking for broad-based equity allocations and sector-specific allocations. Chart D represents a breakdown of the various sectors of equity funds. Global/international equity funds invest in both U.S. and foreign equity securities. While some funds are fully diversified throughout various countries, there are also funds available that invest specifically in equity securities of one country. Domestic equity funds invest primarily in companies whose common stock are both listed and incorporated in the U.S. There are also many sector-specific or specialty funds that invest in specific industries or circumstances, such as master limited partnerships (MLPs), real estate investment trusts (REITs), or venture capital investments. The option-premium sector is one of the newest sectors. Option-premium funds offer a way to play a sideways equity market and receive income. While each fund's strategy differs, the main objective is to invest in a portfolio of common stocks and write call options on those stocks or comparable indexes. The premium received on the call options then flow through to investors through distributions by the fund on a monthly, quarterly, or semi-annual basis. Lastly, equity-income funds provide exposure to portions of both the equity and debt markets. Many of these funds pass income through to shareholders on a monthly or quarterly basis.



Source: Thomson Financial and Raymond James & Associates



Source: Thomson Financial and Raymond James & Associates

Open-End Funds vs. Closed-End Funds

Characteristic	Open-End Mutual Funds	Closed-End Funds
Purchase price:	End of day NAV	Market price set by supply and demand
Prices change	Daily – close of business	Intra-day
Transaction prices include	Sales, redemption charges	Standard commission
Shares sold to/purchased from	Fund company	Secondary market (NYSE, AMEX)
Shares offered by fund company	Continuously	Primarily at IPO

CEFs differ in many respects from open-end funds, better known simply as mutual funds. Both generally benefit from active professional management, diversification, and stated investment objectives. However, mutual funds typically issue and repurchase shares directly, as needed. Shares are purchased and sold at NAV, calculated at the end of the trading day, rather than at a market price determined by supply and demand. Thus, the price reflects the value of the underlying securities, rather than demand for the fund. Higher liquidity can make mutual funds less volatile investments than CEFs, but the need to hold cash positions to satisfy redemption requests can negatively affect returns in a favorable market. Conversely, CEFs can be fully invested and hold little or no cash position in their portfolios. In addition, CEFs do not incur the ongoing costs associated with creating and redeeming shares and typically have lower expense ratios than standard mutual funds. There are also no minimum investment restrictions or minimum holding periods on purchases of CEF shares.

Capital Structure

The assets of CEFs are raised during an IPO and the shares outstanding are then generally fixed. Funds that invest within a small universe may choose to impose a cap on the IPO due to liquidity constraints. The closed-end structure allows the manager to be fully invested at all times. CEFs are not subject to daily redemption requests, so managers are not forced to satisfy demand by increasing their investment in potentially over-valued markets or to sell attractive prospects in a declining market. In addition, the yield on CEFs can be higher due to low cash positions, as a larger cash position can lower the overall yield of the portfolio. Furthermore, the fixed asset base facilitates investment in specialized areas such as illiquid markets.

The fund's outstanding shares typically remain relatively constant and additional shares are generally only issued through a rights offering or dividend reinvestment program. A rights offering is an offering of new shares to current investors at a subscription price that is typically lower than the current share price and/or NAV. CEFs typically engage in rights offerings to take advantage of favorable market conditions.

The primary negative effect of the closed-end structure is the possibility of illiquidity. Since shares cannot be purchased or sold directly through the fund company, there are limitations on trading volume. If an order is placed that would materially increase the day's trading volume above the average, the price rises to correct this increase in demand. Likewise, if an investor wishes to sell an unusually large number of shares, the price will drop to a level where there are enough investors willing to purchase this large number of shares. The potential effect of reduced liquidity is that CEFs can experience share price volatility above that of mutual funds.

Discounts and Premiums

CEF shares can trade at discounts or premiums to NAVs. This is advantageous for investors seeking to maximize yield through fixed-income CEFs. Consider a bond fund that pays out a 10% dividend on its NAV, currently $10.00. If the fund trades at a 10% discount, a $9.00 investment will produce the same dividend as investing in the individual securities at NAV. The yield will be: 1.00 / 9.00 = 11.11%, by virtue of the discount. This is an improvement over the yield if the fund were trading at NAV: 1.00 / 10.00 = 10.00%. As illustrated, purchasing the fund at a discount improves the yield by 111 basis points. However, the potential for enhanced yield comes at the cost of increased risk. Unfavorable price movements can lead to lower returns than if the fund were trading at NAV. For example, consider the same fund, purchased at a 10% discount for $9.00. Suppose the share price drops further to $8.00, while the NAV remains unchanged. The dividend yield a current shareholder receives will remain the same, but will be offset by the decrease in share price upon trading the share. CEFs can also trade at a premium, or a price higher than NAV. Factors that affect discounts and premiums include relative performance and yield, name recognition of the manager, a large amount of illiquid holdings, liquidity pressures, and a significant amount of unrealized appreciation.

Dividends and Distributions

CEFs pay out earnings to their investors in two ways: income dividends and capital gains distributions. For clarification purposes, dividends for closed-end funds are comprised of one or more of the following: interest income, dividend income, short-term/long-term capital gains, and return of capital. At the end of the fund's fiscal year, the fund will typically reclassify dividends paid into the above categories for tax purposes. Income funds pass through to the shareholders interest and dividends from their investments. Fixed income funds typically have monthly or quarterly dividend payouts. Equity funds generally pay out dividends on a quarterly, semi-annual, or annual basis. Income from dividends is typically taxable, with the exception of that from municipal bond funds, which may be exempt from certain taxes. CEFs pay to shareholders their realized capital gains through capital gains distributions, typically at the end of the year. Income-oriented funds may maintain a balance of undistributed net investment income (UNII), or cushion, to help stabilize dividend payouts. Despite this, CEFs may reduce their dividends in the event of a shortfall in earnings performance, which can negatively affect prices. Investors are also able to reinvest their distributions in additional shares of a fund to increase invested capital.

Some CEFs have managed distribution policies - commitments to providing investors with a stable, predictable cash flow, typically on a monthly or quarterly basis. These distributions are typically composed of dividend income, interest income, net realized capital gains, and/or non-taxable return of capital. They can be either fixed or based on a percentage of assets under management. These distributions are not guaranteed. The majority of managed distribution funds invest in equity securities. The advantage of this policy is that the investor can possibly achieve equity returns while also receiving a regular cash flow. The primary disadvantage is that providing investors with cash flow requires removing assets from the fund. This can entail holding a higher cash position, which dilutes returns. Such a policy can also result in misleading yield data, as return of capital should not be counted as yield.

Leverage

The fixed capital structure allows for efficient use of leverage. Income-oriented CEFs, particularly fixed-income funds, employ leverage to enhance yield by capturing the spread between the long and short rates without having to sacrifice credit quality. The most common form of leverage is the issuance of auction-rate preferred shares. After an IPO, the fund may choose to raise additional funds by issuing preferred shares. The funds are then used to purchase more securities within the investment objective. The goal is to capture the spread, the difference between the short rate paid to finance the purchase of the additional securities and the interest paid on these securities. The average closed-end municipal bond fund leverages approximately 35% of its assets. Leveraged funds typically benefit the most in decreasing interest rate environments. Equity funds may also utilize a leveraging strategy to increase return performance. Many of these funds issue fixed-rate preferred shares, but either way it may still magnify both the gains and losses of the portfolio over that of a non-leveraged fund.

Pertaining more to the use of leverage in fixed-income funds, there are two primary situations in which leverage-enhanced yield is negatively affected - a flattening yield curve and an inverted yield curve. During a flattening yield curve, short rates approach long rates and the spread earned declines. In the case of the inverted yield curve, short rates rise above long rates, resulting in a negative spread. In this environment, the portfolio managers can call the preferred shares, usually at a loss, which is absorbed by the common shareholders. Other leveraging methods include reverse repurchase agreements and dollar roll transactions. The investor should be aware that leverage increases share price volatility and market risk. Some funds may over-earn their dividends at times when interest rates are favorable for leverage, thus accruing a cushion of undistributed net investment income (UNII). This UNII account can then be used to maintain dividend stability when earnings fall short due to unfavorable moves in interest rates. Additionally, funds may hedge their leveraging costs for periods of time in order to reduce the effects of rising interest rates on the earned spread. This is typically done through interest rate swaps or special fixed dividend periods on their preferred shares.

General Risk Factors Related to Closed-End Funds

Risk factors pertaining to closed-end funds vary from fund to fund. The following list of risk factors provides a review of those associated with generalized closed-end fund investing. Not every risk factor in this list will pertain to each closed-end fund. Based on these risk factors and others, not every fund may be suitable for all investors.

1. *Past performance is not indicative of future results.*

2. *Market Risk:* Securities may decline in value due to factors affecting securities markets generally or particular industries. The value of a trust/fund may be worth less than the original investment.

3. *Valuation Risk:* Common shares may trade above (a premium) or below (a discount) the net asset value (NAV) of the trust/fund's portfolio. At times, discounts could widen or premiums could shrink, either diluting positive performance or compounding negative performance. There is no assurance that discounted funds will appreciate to their NAV.

4. *Interest Rate Risk:* Generally, when market interest rates rise, bond prices fall, and vice versa. Interest rate risk is the risk that the bonds and/or other income-related instruments in a fund's portfolio will decline in value because of increases in market interest rates. The prices of longer-maturity securities tend to fluctuate more than those of shorter-term securities.

5. *Credit Risk:* One or more securities in a trust/fund's portfolio could decline or fail to pay interest or principal when due. Income-related securities of below investment grade quality are predominately speculative with respect to the issuer's capacity to pay interest and repay principal when due and, therefore, involve a greater risk of default.

6. *Concentration Risk:* A trust/fund that invests a substantial portion of its assets in securities within a single industry or sector of the economy may be subject to greater price volatility or adversely affected by the performance of securities in that particular sector or industry.

7. *Reinvestment Risk:* Income from a trust/fund's bond portfolio will decline if and when the trust/fund invests the proceeds from matured, traded, or called bonds at market interest rates that are below the portfolio's current earnings rate. A decline in income could affect the common shares' market price or their overall returns.

8. *Leverage Risk*: The use of leverage may lead to increased volatility of a trust/fund's NAV and market price relative to its common shares. Leverage is likely to magnify any losses in the trust/fund's portfolio, which may lead to increased market price declines. Fluctuations in interest rates on borrowings or the dividend rates on preferred shares as a result of changes in short-term interest rates may reduce the return to common shareholders or result in fluctuations in the dividends paid on common shares. There is no assurance that a leveraging strategy will be successful.

9. *Foreign Investment Risk:* Investment in foreign securities (both governmental and corporate) may involve a high degree of risk. Trusts/funds invested in foreign securities are subject to additional risks such as, but not limited to, currency risk and exchange-rate risk, political instability, and economic instability of the countries from where the securities originate. In regards to debt securities, such risks may impair the timely payment of principal and/or interest.

10. *Alternative Minimum Tax (AMT):* A trust/fund may invest in securities subject to the alternative minimum tax.

11. *Actively Managed Portfolios have Fluctuating Dividends:* The composition of the trust/fund's portfolio could change, which, all else being equal, could cause a reduction in dividends paid to common shares. Certain closed-end funds invest in common stocks. The dividends from these common stocks are not guaranteed and will fluctuate. Fluctuations in dividend levels over time, up and down, are to be expected.

12. *The securities selected by Closed-End Fund Research could underperform comparable trusts/funds.* There is no assurance that the recommended trusts/funds will outperform their peer group.

13. *There is an inherent risk of capital loss associated with all closed-end funds.*

Conclusion

Closed-end funds offer an opportunity for investors to achieve attractive returns by taking advantage of their unique characteristics. The majority of CEFs currently trade at a discount to NAV, making them potentially attractive investments with multiple ways to achieve capital gains and enhanced returns. Closed-end funds are investments that provide investors with a unique way to achieve their investment objectives. Because of share price volatility, investors can benefit from the in-depth research offered by Closed-End Fund Research. Closed-End Fund Research seeks to provide Raymond James' Financial Advisors and their clients with the most relevant, comprehensive, and current data and research available on closed-end funds and to provide unbiased opinions.

All statistics provided by Thomson Financial and Raymond James & Associates, unless otherwise noted.

The NYSE Proudly Lists the Following Closed-End Funds

Closed-End Equity Funds

Business Development Companies

Symbol	Name
IRR	ING Risk Managed Natural Resources
KED	Kayne Anderson Energy Development Company
TTO	Tortoise Capital Resources Corporation
HCD	Highland Distressed Opportunities, Inc.
GNV	GSC Investment Corp.

Convertible Securities Funds

Symbol	Name
AVK	Advent Claymore Convertible Securities & Income Fund
CHY	Calamos Convertible & High Income Fund
CHI	Calamos Convertible Opportunities and Income Fund
GCV	Gabelli Convertible & Income Securities Fund, Inc.
NCV	Nicholas-Applegate Convertible & Income Fund
NCZ	Nicholas-Applegate Convertible & Income Fund II
NIE	Nicholas-Applegate Equity & Convertible Income Fund
PCF	Putnam High Income Securities Fund

Core Funds

Symbol	Name
ADX	Adams Express Company
LCM	Advent/Claymore Enhanced Growth & Income Fund
BFD	Blackrock Global Enhanced Equity Income Trust
BIF	Boulder Growth & Income Fund, Inc.
RYJ	Claymore/Raymond James SB-1 Equity Fund
FOF	Cohen & Steers Closed End Opportunity Fund
DSF	Defined Strategy Fund Inc.
DHG	DWS Dreman Value Income Edge Fund
EOI	Eaton Vance Enhanced Equity Income Fund
EQS	Equus II Incorporated
FHO	First Trust Strategic High Income Fund III
FAM	First Trust/Aberdeen Global Opportunity Income Fund
PFD	Flaherty & Crumrine Preferred Income Fund, Inc.
GAM	General American Investors Company, Inc.
USA	Liberty All-Star Equity Fund
ASG	Liberty All-Star Growth Fund, Inc.
MVC	MVC Capital, Inc.
JCE	Nuveen Core Equity Alpha Fund
JPG	Nuveen Equity Premium and Growth Fund
JPZ	Nuveen Equity Premium Income Fund
JSN	Nuveen Equity Premium Opportunity Fund
OLA	Old Mutual/Claymore Long-Short Fund
RMT	Royce Micro-Cap Trust, Inc.
RVT	Royce Value Trust, Inc.
TY	Tri-Continental Corporation
ZF	Zweig Fund, Inc.

Emerging Markets Funds

Symbol	Name
CEE	Central Europe and Russia Fund, Inc.
FEO	First Trust/Aberdeen Emerging Opportunity Fund
RNE	Morgan Stanley Eastern Europe Fund, Inc.
MSD	Morgan Stanley Emerging Markets Debt Fund, Inc.
EMF	Templeton Emerging Markets Fund
TRF	Templeton Russia & East European Fund, Inc.

Global Funds

Symbol	Name
AGD	Alpine Global Dynamic Dividend Fund
AOD	Alpine Total Dynamic Dividend Fund
BOE	BlackRock Global Opportunities Equity Trust
CGO	Calamos Global Total Return Fund
ETB	Eaton Vance Tax-Managed Buy-Write Income Fund
ETV	Eaton Vance Tax-Managed Buy-Write Opportunities Fund
EXG	Eaton Vance Tax-Managed Global Diversified Equity Income Fund
EOD	Evergreen Global Dividend Opportunity Fund
GDL	The Gabelli Global Deal Fund
IGA	ING Global Advantage and Premium Opportunity Fund
LGI	Lazard Global Total Return & Income Fund, Inc.
LOR	Lazard World Dividend & Income Fund, Inc.
AMO	Alliance All-Market Advantage Fund, Inc.
JLA	Nuveen Equity Premium Advantage Fund
JGV	Nuveen Global Value Opportunities Fund
GRE	S&P 500 Geared Fund, Inc.
FGF	SunAmerica Focused Alpha Growth Fund, Inc.
FGI	SunAmerica Focused Alpha Large-Cap Fund, Inc.

Income & Preferred Stock Funds

Symbol	Name
BTZ	BlackRock Preferred and Equity Advantage Trust
BPP	BlackRock Preferred Opportunity Trust
CSQ	Calamos Strategic Total Return Fund
CII	Capital & Income Strategies Fund, Inc.
CWF	Chartwell Dividend & Income Fund, Inc.
DDF	Delaware Investments Dividend & Income Fund, Inc.
DGF	Delaware Investments Global Dividend & Income Fund, Inc.
DNP	DNP Select Income Fund, Inc.
FPT	Federated Premier Intermediate Municipal Income Fund
FLC	Flaherty & Crumrine/Claymore Total Return Fund Incorporated
FRB	Floating Rate Income Strategies Fund II, Inc.
FRA	Floating Rate Income Strategies Fund, Inc.
JHS	John Hancock Income Securities Trust
JHI	John Hancock Investors Trust
PGD	John Hancock Patriot Global Dividend Fund
PPF	John Hancock Patriot Preferred Dividend Fund
PDF	John Hancock Patriot Premium Dividend Fund I
PDT	John Hancock Patriot Premium Dividend Fund II
DIV	John Hancock Patriot Select Dividend Trust
MFD	Macquarie/First Trust Global Infrastructure/ Utilities Dividend & Income Fund

Income & Preferred Stock Funds (continued)

Symbol	Name
JPC	Nuveen Preferred & Convertible Income Fund
JQC	Nuveen Preferred & Convertible Income Fund 2
JTP	Nuveen Quality Preferred Income Fund
JPS	Nuveen Quality Preferred Income Fund 2
JHP	Nuveen Quality Preferred Income Fund 3
JTA	Nuveen Tax-Advantaged Total Return Strategy Fund
PBF	Pioneer Tax Advantaged Balanced Trust
PSW	Preferred and Corporate Income Strategies Fund, Inc.
PSY	Preferred Income Strategies Fund, Inc.
RSF	RMK Strategic Income Fund, Inc.
SCD	Salomon Brothers Capital & Income Fund, Inc.
TSI	TCW Strategic Income Fund, Inc.
TYW	TS&W/Claymore Tax-Advantaged Balanced Fund
HPI	John Hancock Preferred Income Fund
HPF	John Hancock Preferred Income Fund II
HPS	John Hancock Preferred Income Fund III
HTD	John Hancock Tax-Advantaged Dividend Income Fund

Options Arbitrage/Opt Strategies Funds

Symbol	Name
BDJ	BlackRock Enhanced Dividend Achievers Trust
BWC	BlackRock World Investment Trust
DPD	Dow 30 Premium & Dividend Income Fund, Inc.
EOS	Eaton Vance Enhanced Equity Income Fund II
ETG	Eaton Vance Tax-Advantaged Global Dividend Income Fund
ETO	Eaton Vance Tax-Advantaged Global Dividend pportunities Fund
ETW	Eaton Vance Tax-Managed Global Buy-Write Opportunities Fund
ECV	Enhanced Equity Yield & Premium Fund, Inc.
EEF	Enhanced Equity Yield Fund, Inc.
BEO	Enhanced S&P 500 Covered Call Fund, Inc.
FMO	Fiduciary/Claymore MLP Opportunity Fund
FCT	First Trust/Four Corners Senior Floating Rate Income Fund II
IGD	ING Global Equity Dividend & Premium Opportunity Fund
MSP	Madison Strategic Sector Premium Fund
MCN	Madison/Claymore Covered Call Fund
NFJ	NFJ Dividend, Interest & Premium Strategy Fund
NAI	Nicholas-Applegate International & Premium Strategy Fund
PGP	PIMCO Global StocksPLUS & Income Fund
BEP	S&P 500 Covered Call Fund, Inc.
RCC	Small Cap Premium & Dividend Income Fund, Inc.

Country Funds

Symbol	Name
APB	Asia Pacific Fund, Inc.
GRR	Asia Tigers Fund, Inc.
CHN	China Fund, Inc.
EF	Europe Fund, Inc.
EEA	European Equity Fund, Inc.
GCH	Greater China Fund, Inc.
IFN	India Fund, Inc.
IAE	ING Asia Pacific High Dividend Equity Income Fund
KEF	Korea Equity Fund, Inc.
KF	Korea Fund, Inc.
LDF	Latin American Discovery Fund, Inc.
MF	Malaysia Fund, Inc.
MXE	Mexico Equity & Income Fund, Inc.
MXF	Mexico Fund, Inc.
CAF	Morgan Stanley - China A Shares
APF	Morgan Stanley Asia - Pacific Fund, Inc.
IIF	Morgan Stanley India Investment Fund, Inc.
GF	New Germany Fund, Inc.
IRL	New Ireland Fund, Inc.
SGF	Singapore Fund, Inc.
SNF	Spain Fund, Inc.
SWZ	Swiss Helvetia Fund, Inc.
TWN	Taiwan Fund, Inc.
TFC	Taiwan Greater China Fund
TDF	Templeton Dragon Fund, Inc.
TTF	Thai Fund, Inc.
TKF	Turkish Investment Fund, Inc.

Real Estate Funds

Symbol	Name
RRE	AIM Select Real Estate Income Fund
RLF	Cohen & Steers Advantage Income Realty Fund, Inc.
DVM	Cohen & Steers Dividend Majors Fund, Inc.
RPF	Cohen & Steers Premium Income Realty Fund, Inc.
RQI	Cohen & Steers Quality Income Realty Fund, Inc.
RNP	Cohen & Steers REIT & Preferred Income Fund, Inc.
RTU	Cohen & Steers REIT & Utility Income Fund, Inc.
RFI	Cohen & Steers Total Return Realty Fund, Inc.
RWF	Cohen & Steers Worldwide Realty Income Fund, Inc.
DCA	Dividend Capital Investments LLC: Dividend Capital Realty Income

Allocation Funds

Symbol	Name
NRL	Neuberger Berman Real Estate Income Fund, Inc.
NRI	Neuberger Berman Realty Income Fund, Inc.
RIT	Real Estate Income Fund, Inc.

Sector Equity Funds

Symbol	Name
ASA	ASA (Bermuda) Limited
BGR	BlackRock Global Energy & Resources Trust
BHY	BlackRock High Yield Trust
BCF	BlackRock Real Asset Trust
UTF	Cohen & Steers Select Utility Fund, Inc.
GCS	DWS Global Commodities Stock Fund, Inc.

Sector Equity Funds (continued)

Symbol	Name
GGT	Gabelli Global Multimedia Trust, Inc.
GUT	Gabelli Utility Trust
HQH	H&Q Healthcare Investors
HQL	H&Q Life Sciences Investors
JEQ	Japan Equity Fund, Inc.
JOF	Japan Smaller Capitalization Fund, Inc.
KYE	Kayne Anderson Energy Total Return Fund, Inc.
KYN	Kayne Anderson MLP Investment Company
MGU	Macquarie Global Infrastructure Total Return Fund
PEO	Petroleum & Resources Corporation
TYY	Tortoise Energy Capital Corporation
TYG	Tortoise Energy Infrastructure Corporation
TYN	Tortoise North American Energy Corporation

Value Funds

Symbol	Name
BDV	BlackRock Dividend Achievers Trust
BHD	BlackRock Strategic Bond Trust
BLU	Blue Chip Value Fund, Inc.
BTF	Boulder Total Return Fund, Inc.
DCS	Dreman/Claymore Dividend & Income Fund
EVT	Eaton Vance Tax-Advantaged Dividend Income Fund
ETY	Eaton Vance Tax-Managed Diversified Equity Income Fund
GDV	Gabelli Dividend & Income Trust
GAB	Gabelli Equity Trust, Inc.
MFV	MFS Special Value Trust
NTX	Nuveen Texas Quality Income Municipal Fund
SOR	Source Capital, Inc.

Closed-End Bond Funds

Bond Funds Corporate Debt Funds BBB-Rated

Symbol	Name
BDF	1838 Bond-Debenture Trading Fund
BHK	BlackRock Core Bond Trust
BNA	BlackRock Income Opportunity Trust, Inc.
FDI	Fort Dearborn Income Securities, Inc.
HSF	Hartford Income Shares Fund, Inc.
JFC	JF China Region Fund, Inc.
MTS	Montgomery Street Income Securities, Inc.
ICB	Morgan Stanley Income Securities, Inc.
PTY	PIMCO Corporate Opportunity Fund
MUO	Pioneer Interest Shares
TAI	Transamerica Income Shares, Inc.
VBF	Van Kampen Bond Fund
PAI	Western Asset Income Fund
WEA	Western Asset Premier Bond Fund

Emerging Markets Debt Funds

Symbol	Name
AWF	Alliance World Dollar Government Fund II, Inc.
AWG	Alliance World Dollar Government Fund, Inc.
LBF	DWS Global High Income Fund
GHI	Global High Income Dollar Fund, Inc.
MSF	Morgan Stanley Emerging Markets Fund, Inc.
MGB	Morgan Stanley Global Opportunity Bond Fund, Inc.
ESD	Salomon Brothers Emerging Markets Debt Fund, Inc.
EFL	Salomon Brothers Emerging Markets Floating Rate Fund, Inc.
EDF	Salomon Brothers Emerging Markets Income Fund II, Inc
EMD	Salomon Brothers Emerging Markets Income Fund, Inc.
GDF	Salomon Brothers Global Partners Income Fund, Inc.
SBW	Salomon Brothers Worldwide Income Fund, Inc.
TEI	Templeton Emerging Markets Income Fund

Flexible Income Funds

Symbol	Name
ADF	ACM Managed Dollar Income Fund, Inc.
AMF	ACM Managed Income Fund, Inc.
MCR	MFS Charter Income Trust
PIM	Putnam Master Intermediate Income Trust
PPT	Putnam Premier Income Trust
ZTR	Zweig Total Return Fund, Inc.

General Bond Funds

Symbol	Name
BDT	BlackRock Strategic Dividend Achievers Trust
CIF	Colonial Intermediate High Income Fund
DUC	Duff & Phelps Utility & Corporate Bond Trust, Inc.
KMM	DWS Multi-Market Income Trust
KSM	DWS Strategic Municipal Income Trust
BTO	John Hancock Bank & Thrift Opportunity Fund
MCI	MassMutual Corporate Investors
MPV	MassMutual Participation Investors
MIN	MFS Intermediate Income Trust
MMT	MFS Multimarket Income Trust
PCN	PIMCO Corporate Income Fund
PHY	Prospect Street High Income Portfolio, Inc.
VIN	Van Kampen Income Trust

General U.S. Government Funds

Symbol	Name
AOF	ACM Government Opportunity Fund, Inc.
ACG	ACM Income Fund, Inc.
EGF	Enhanced Government Fund, Inc.
MGF	MFS Government Markets Income Trust
GVT	Morgan Stanley Government Income Trust
IMF	Salomon Brothers Inflation Management Fund, Inc.
WIA	Western Asset/Claymore US Treasury Inflation Protected Securities Fund
WIW	Western Asset/Claymore US Treasury Inflation Protected Securities Fund 2

Symbol	Name
	Global Income Funds
EVG	Eaton Vance Short Duration Diversified Income Fund
EBI	Evergreen International Balanced Income Fund
GCF	Global Income & Currency Fund, Inc.
JGG	Nuveen Global Government Enhanced Income Fund
RCS	PIMCO Strategic Global Government Fund, Inc.
SBG	Salomon Brothers 2008 Worldwide Dollar Government Term Trust, Inc.
EHI	Salomon Brothers Global High Income Fund, Inc.
GFY	Salomon Brothers Variable Rate Strategic Fund, Inc.
SGL	Strategic Global Income Fund, Inc.
GIM	Templeton Global Income Fund, Inc.
	High Current Yield Funds
BLW	BlackRock Limited Duration Income Trust
EOE	Eaton Vance Credit Opportunities Fund
FHI	First Trust Strategic High Income Fund
FHY	First Trust Strategic High Income Fund II
HIO	High Income Opportunity Fund, Inc.
HCF	Highland Credit Strategies Fund
MHY	Managed High Income Portfolio, Inc.
PTM	Putnam Managed High Yield Trust
RMA	RMK Advantage Income Fund, Inc.
RHY	RMK Multi-Sector High Income Fund, Inc.
HIX	Salomon Brothers High Income Fund II, Inc.
CFD	40/86 Strategic Income Fund
BME	BlackRock Health Sciences Trust
HIS	BlackRock High Income Shares
CMK	Colonial InterMarket Income Trust I
CYE	Corporate High Yield Fund III, Inc.
HYV	Corporate High Yield Fund V, Inc.
HYT	Corporate High Yield Fund VI, Inc.
COY	Corporate High Yield Fund, Inc.
DSU	Debt Strategies Fund, Inc.
DHF	Dreyfus High Yield Strategies Fund
KHI	DWS High Income Trust
FT	Franklin Universal Trust
HYI	High Yield Income Fund, Inc.
HYP	High Yield Plus Fund, Inc.
LBC	Lehman Brothers/First Trust Income Opportunity Fund
HYF	Managed High Yield Plus Fund, Inc.
MSY	Morgan Stanley High Yield Fund, Inc.
HYB	New America High Income Fund, Inc.
PHK	PIMCO High Income Fund
PHT	Pioneer High Income Trust
CNN	Prospect Street Income Shares, Inc.
RMH	RMK High Income Fund, Inc.
HIF	Salomon Brothers High Income Fund, Inc.
ARK	Senior High Income Portfolio, Inc.
VLT	Van Kampen High Income Trust II
ZIF	Zenix Income Fund, Inc.
	Loan Participation Funds
BGT	BlackRock Global Floating Rate Income Trust
TLI	Citigroup Investments Corporate Loan Fund, Inc.
DVF	Diversified Income Strategies Portfolio, Inc.
EFR	Eaton Vance Senior Floating-Rate Trust
EVF	Eaton Vance Senior Income Trust
FMY	First Trust/FIDAC Mortgage Income Fund
FFA	First Trust/Fiduciary Asset Management Covered Call Fund
PFO	Flaherty & Crumrine Preferred Income Opportunity Fund, Inc.
FFC	Flaherty & Crumrine/Claymore Preferred Securities Income Fund, Inc.
PPR	ING Prime Rate Trust
NQF	Nuveen Florida Investment Quality Municipal Fund
NUF	Nuveen Florida Quality Income Municipal Fund
NSL	Nuveen Senior Income Fund
PFL	PIMCO Floating Rate Income Fund
PFN	PIMCO Floating Rate Strategy Fund
PHD	Pioneer Floating Rate Trust
VVR	Van Kampen Senior Income Trust
	U.S. Mortgage Funds
MRF	American Income Fund, Inc.
SLA	American Select Portfolio, Inc.
ASP	American Strategic Income Portfolio, Inc.
BSP	American Strategic Income Portfolio, Inc. II
CSP	American Strategic Income Portfolio, Inc. III
BKT	BlackRock Income Trust
HSM	Hyperion Strategic Mortgage Income Fund, Inc.
HTR	Hyperion Total Return Fund, Inc.
	Single State Municipal Bond Funds
PCM	PIMCO Commercial Mortgage Securities Trust, Inc.
AKP	Alliance California Municipal Income Fund, Inc.
AYN	Alliance New York Municipal Income Fund, Inc.
BFC	BlackRock California Insured Municipal 2008 Term Trust, Inc.
BCK	BlackRock California Insured Municipal Income Trust
BJZ	BlackRock California Municipal 2018 Term Trust
BZA	BlackRock California Municipal Bond Trust
BFZ	BlackRock California Municipal Income Trust
BRF	BlackRock Florida Insured Municipal 2008 Term Trust
BAF	BlackRock Florida Insured Municipal Income Trust
BFO	BlackRock Florida Municipal 2020 Term Trust
BIE	BlackRock Florida Municipal Bond Trust

Symbol	Name
	Single State Municipal Bond Funds (continued)
BBF	BlackRock Florida Municipal Income Trust
BNJ	BlackRock New Jersey Municipal Income Trust
BLN	BlackRock New York Insured Municipal 2008 Term Trust, Inc.
BSE	BlackRock New York Insured Municipal Income Trust
BLH	BlackRock New York Municipal 2018 Term Trust
BQH	BlackRock New York Municipal Bond Trust
BNY	BlackRock New York Municipal Income Trust
EFT	Eaton Vance Floating-Rate Income Trust
FF	First Financial Fund, Inc.
IIC	Morgan Stanley California Insured Municipal Income Trust
IQC	Morgan Stanley California Quality Municipal Securities
ICS	Morgan Stanley Insured California Municipal Securities
IQN	Morgan Stanley New York Quality Municipal Securities
MFL	MuniHoldings Florida Insured Fund, Inc.
MUH	MuniHoldings Fund II, Inc.
MUJ	MuniHoldings New Jersey Insured Fund, Inc.
MHN	MuniHoldings New York Insured Fund, Inc.
MYC	MuniYield California Fund, Inc.
MCA	MuniYield California Insured Fund, Inc.
MYF	MuniYield Florida Fund
MFT	MuniYield Florida Insured Fund
MYM	MuniYield Michigan Insured Fund II, Inc.
MIY	MuniYield Michigan Insured Fund, Inc.
MYJ	MuniYield New Jersey Fund, Inc.
MJI	MuniYield New Jersey Insured Fund, Inc.
MYN	MuniYield New York Insured Fund, Inc.
MPA	MuniYield Pennsylvania Insured Fund
NAZ	Nuveen Arizona Premium Income Municipal Fund, Inc.
NAC	Nuveen California Dividend Advantage Municipal Fund
NQC	Nuveen California Investment Quality Municipal Fund, Inc.
NCO	Nuveen California Municipal Market Opportunity Fund, Inc.
NCA	Nuveen California Municipal Value Fund, Inc.
NCP	Nuveen California Performance Plus Municipal Fund, Inc.
NUC	Nuveen California Quality Income Municipal Fund, Inc.
NVC	Nuveen California Select Quality Municipal Fund, Inc.
NXC	Nuveen California Select Tax-Free Income Portfolio
NTC	Nuveen Connecticut Premium Income Municipal Fund
JFR	Nuveen Floating Rate Income Fund
JRO	Nuveen Floating Rate Income Opportunity Fund
NCL	Nuveen Insured California Premium Income Municipal Fund 2, Inc.
NPC	Nuveen Insured California Premium Income Municipal Fund, Inc.
NFL	Nuveen Insured Florida Premium Income Municipal Fund
NNF	Nuveen Insured New York Premium Income Municipal Fund, Inc.
NMY	Nuveen Maryland Premium Income Municipal Fund
NMT	Nuveen Massachusetts Premium Income Municipal Fund
NMP	Nuveen Michigan Premium Income Municipal Fund, Inc.
NUM	Nuveen Michigan Quality Income Municipal Fund, Inc.
NQJ	Nuveen New Jersey Investment Quality Municipal Fund, Inc.
NNJ	Nuveen New Jersey Premium Income Municipal Fund, Inc.
NAN	Nuveen New York Dividend Advantage Municipal Fund
NQN	Nuveen New York Investment Quality Municipal Fund, Inc.
NNY	Nuveen New York Municipal Value Fund, Inc.
NNP	Nuveen New York Performance Plus Municipal Fund, Inc.
NUN	Nuveen New York Quality Income Municipal Fund, Inc.
NVN	Nuveen New York Select Quality Municipal Fund, Inc.
NXN	Nuveen New York Select Tax-Free Income Portfolio
NNC	Nuveen North Carolina Premium Income Municipal Fund
NUO	Nuveen Ohio Quality Income Municipal Fund, Inc.
NQP	Nuveen Pennsylvania Investment Quality Municipal Fund
NPY	Nuveen Pennsylvania Premium Income Municipal Fund 2
JFP	Nuveen Tax-Advantaged Floating Rate Fund
NPV	Nuveen Virginia Premium Income Municipal Fund
PCQ	PIMCO California Municipal Income Fund
PCK	PIMCO California Municipal Income Fund II
PZC	PIMCO California Municipal Income Fund III
PNF	PIMCO New York Municipal Income Fund
PNI	PIMCO New York Municipal Income Fund II
PYN	PIMCO New York Municipal Income Fund III
VCV	Van Kampen California Value Municipal Income Trust
VOQ	Van Kampen Ohio Quality Municipal Trust
VPV	Van Kampen Pennsylvania Value Municipal Income Trust
VGM	Van Kampen Trust for Investment Grade Municipals
VTJ	Van Kampen Trust for Investment Grade New Jersey Municipals
VTN	Van Kampen Trust for Investment Grade New York Municipals
	Municipal Bond Funds
IMS	Morgan Stanley Insured Municipal Securities
NMI	Nuveen Municipal Income Fund, Inc.
NUV	Nuveen Municipal Value Fund, Inc.
NIM	Nuveen Select Maturities Municipal Fund
NXP	Nuveen Select Tax-Free Income Portfolio
NXQ	Nuveen Select Tax-Free Income Portfolio 2
NXR	Nuveen Select Tax-Free Income Portfolio 3
PMH	Putnam Tax-Free Health Care Fund
AMU	ACM Municipal Securities Income Fund, Inc.
AFB	Alliance National Municipal Income Fund, Inc.
XAA	American Municipal Income Portfolio, Inc.
BKN	BlackRock Investment Quality Municipal Trust, Inc.
BPK	BlackRock Municipal 2018 Term Trust
BKK	BlackRock Municipal 2020 Term Trust
BBK	BlackRock Municipal Bond Trust

Symbol	Name
	Municipal Bond Funds (continued)
BFK	BlackRock Municipal Income Trust
BSD	BlackRock Strategic Municipal Trust
CXH	Colonial Investment Grade Municipal Trust
DSM	Dreyfus Strategic Municipal Bond Fund, Inc.
LEO	Dreyfus Strategic Municipals, Inc.
DTF	DTF Tax-Free Income, Inc.
KTF	DWS Municipal Income Trust
EVN	Eaton Vance Municipal Income Trust
HCE	Fiduciary/Claymore Dynamic Equity Fund
PPM	Investment Grade Municipal Income Fund, Inc.
MMU	Managed Municipals Portfolio, Inc.
PIA	Morgan Stanley Municipal Premium Income Trust
IQI	Morgan Stanley Quality Municipal Income Trust
IQT	Morgan Stanley Quality Municipal Investment Trust
IQM	Morgan Stanley Quality Municipal Securities
MAF	Municipal Advantage Fund, Inc.
MUC	MuniHoldings California Insured Fund, Inc.
MHD	MuniHoldings Fund, Inc.
MVT	MuniVest Fund II, Inc.
MYD	MuniYield Fund, Inc.
JDD	Nuveen Diversified Dividend and Income Fund
NAD	Nuveen Dividend Advantage Municipal Fund
NQM	Nuveen Investment Quality Municipal Fund, Inc.
NMA	Nuveen Municipal Advantage Fund, Inc.
NMO	Nuveen Municipal Market Opportunity Fund, Inc.
NPP	Nuveen Performance Plus Municipal Fund, Inc.
NIF	Nuveen Premier Insured Municipal Income Fund, Inc.
NPF	Nuveen Premier Municipal Income Fund, Inc.
NPM	Nuveen Premium Income Municipal Fund 2, Inc.
NPI	Nuveen Premium Income Municipal Fund, Inc.
NQU	Nuveen Quality Income Municipal Fund, Inc.
NQS	Nuveen Select Quality Municipal Fund, Inc.
PMF	PIMCO Municipal Income Fund
PML	PIMCO Municipal Income Fund II
PMX	PIMCO Municipal Income Fund III
PGM	Putnam Investment Grade Municipal Trust
PMG	Putnam Municipal Bond Fund
PMO	Putnam Municipal Opportunities Trust
MPT	Salomon Brothers Municipal Partners Fund II, Inc.
MNP	Salomon Brothers Municipal Partners Fund, Inc.
VMO	Van Kampen Municipal Opportunity Trust
VKQ	Van Kampen Municipal Trust
VTF	Van Kampen Trust for Investment Grade Florida Municipals
APX	Apex Municipal Fund, Inc.
CXE	Colonial High Income Municipal Trust
CMU	Colonial Municipal Income Trust
KST	DWS Strategic Income Trust
MFM	MFS Municipal Income Trust
OIA	Morgan Stanley Municipal Income Opportunities Trust
OIB	Morgan Stanley Municipal Income Opportunities Trust II
OIC	Morgan Stanley Municipal Income Opportunities Trust III
MUA	MuniAssets Fund, Inc.
MHF	Municipal High Income Fund, Inc.
MAV	Pioneer Municipal High Income Advantage Trust
MHI	Pioneer Municipal High Income Trust
PYM	Putnam High Yield Municipal Trust
PMM	Putnam Managed Municipal Income Trust
BRM	BlackRock Insured Municipal 2008 Term Trust, Inc.
BYM	BlackRock Insured Municipal Income Trust
BMT	BlackRock Insured Municipal Term Trust
BTA	BlackRock Long-Term Municipal Advantage Trust
BMN	BlackRock Municipal Target Term Trust
PIF	Insured Municipal Income Fund, Inc.
IMB	Morgan Stanley Insured Municipal Bond Trust
IIM	Morgan Stanley Insured Municipal Income Trust
IMT	Morgan Stanley Insured Municipal Trust
MEN	MuniEnhanced Fund, Inc.
MUE	MuniHoldings Insured Fund II, Inc.
MUS	MuniHoldings Insured Fund, Inc.
MYI	MuniYield Insured Fund, Inc.
MQT	MuniYield Quality Fund II, Inc.
MQY	MuniYield Quality Fund, Inc.
NIO	Nuveen Insured Municipal Opportunity Fund, Inc.
NPX	Nuveen Insured Premium Income Municipal Fund 2
NQI	Nuveen Insured Quality Municipal Fund, Inc.
NPT	Nuveen Premium Income Municipal Fund 4, Inc.
SQF	Seligman Quality Municipal Fund, Inc.
SEL	Seligman Select Municipal Fund, Inc.
VIM	Van Kampen Trust For Insured Municipals
FMN	Federated Premier Municipal Income Fund
MZF	MBIA Capital/Claymore Managed Duration Investment Grade
	Municipal Funds
MUI	Muni Intermediate Duration Fund, Inc.
MNE	Muni New York Intermediate Duration Fund, Inc.

Source: Lipper, A Reuters Company

March 1, 2007

Initiating Coverage of Closed-End Funds

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Trends in the Closed-End Fund Universe

- The closed-end fund research team believes that we are in the middle of a cyclical upturn in the scope, use and consequently valuation in closed-end funds. The primary drivers of this trend are the increase in asset classes available through the closed-end fund format, lack of other high income producing alternatives, and favorable interest rate environment in our opinion.

Over the past 5 years, the closed-end fund universe has seen a dramatic increase in the number and variety of asset classes available for investment. Closed-end funds used to be dominated by municipal bond issues and other traditional fixed income asset classes. Today there are new funds available that invest in equities, preferred stock, and convertible bonds. Many of these funds offer substantial variations in their strategies and investment methods. For example, among equity funds, there are traditional long-only funds, covered-call funds and those that utilize dividend capture strategies. The trend toward more creative uses of the closed-end fund format has been dramatic and has brought far more attention to the structure in recent years.

With 30-year Treasury yields under 5.00%, investors have been scrambling to find new sources for income among their investments. Because of the use of leverage, the ability to purchase assets at a discount and the focus of providers on income producing strategies, closed-end funds can fill the income gap quite effectively. Although high-yield opportunities abound in the closed-end fund universe, investors should avoid decision-making based solely on high yields. Fund managers sometimes escalate short-term yields by dipping into or "cannibalizing" the fund's principal, a potentially damaging practice of which investors must be wary in our opinion.

Despite investing in almost all major asset classes, most investors use closed-end funds as income vehicles. Therefore, as with most other types of income vehicles, their valuation is strongly influenced by interest rate fluctuations. When the FOMC stopped raising short-term interest rates in the middle of 2006, investor sentiment towards closed-end funds improved sharply. Many funds which had been trading at large discounts to their Net Asset Values (NAVs) reversed course. Thus we saw a complete reversal from 2005, when deteriorating sentiment caused widening of discounts among many closed-end funds. We believe that interest rates will remain stable and thus closed- end funds should perform well in comparison to their NAVs. Also, as the baby boom generation approaches retirement, we believe that more investors will be interested in seeking income producing investments. This trend should be positive for most closed-end funds.

Factors in Analyzing a Closed-End Fund

- The closed-end fund team utilizes several techniques when evaluating possible investments. Because most investors use closed-end funds as income vehicles, dividend stability is the single most important factor in our analysis. Among municipal funds, call risk is a crucial component of this analysis. Portfolio structure, turnover, management capability and transparency as well as historical performance should all be strongly considered when evaluating a closed-end fund in our opinion.

We view dividend stability as the leading factor to consider when purchasing a closed-end fund. The most fundamental and important type of closed-end fund analysis pertains to shareholder distributions. Funds with high, stable distribution patterns inspire strong demand and sell at tighter discounts or even premiums. As with most investment trust vehicles, income and capital gains are the two main types of closed-end fund shareholder distributions. The income distribution is typically comprised of monthly or quarterly dividend payments, while capital gains are usually distributed annually. Regulated investment companies with taxable income are required to distribute at least 90% of that income on an annual basis to avoid paying an excise tax. However, some funds elect to retain some or all of their realized capital gains. One ratio, average net investment income distributions-to-average total distributions, facilitates this analysis. It gives a good indication of what investors can expect in terms of future stability and payouts.

We also closely monitor the call risk of municipal closed-end funds. Call risk refers to the possibility that callable bonds held by a fund will be redeemed prior to maturity. The risk to the fund is that if bonds are redeemed prematurely, it may be impossible to reinvest the assets in a similar instrument with a similar yield. Funds that have a high call risk have a large percentage of bonds in the portfolio that are due to be called over the next couple of years. They are less attractive to us because the fund could experience dividend weakness.

Portfolio structure also plays a significant role in our evaluation. Structure can portend the volatility that the portfolio can experience during changing market conditions. Portfolio duration, average maturity and average coupon are among the factors that should be considered when evaluating fixed-income funds. Duration, a mathematical measure of the price sensitivity of a bond fund's portfolio to changes in interest rates, is stated in years -- the shorter the duration, the less price variability one can expect in the fund's price per share. We believe duration can be a more useful tool than maturity, which is simply the amount of time remaining until that debt instrument matures and the issuer is obligated to repay principal. Typically, funds with shorter durations perform better in rising rate environments, whereas funds with longer durations perform better when rates decline.

When evaluating equity funds, industry diversification, volatility and tax consequences all enter into our calculations. Among some of the more creative equity funds, such as those that use covered-call strategies to boost yield, we also study, percentage of portfolio covered, how far in- or out-of-the-money calls are written, index versus individual stock options and the premiums collected. Our belief is that the more conservatively run funds have usually shown better sustainability which is particularly important when selecting investments for retail clients.

We also evaluate a fund's prospects by studying turnover, especially in relation to other closed-end funds. The turnover ratio is the percentage of the portfolio that is purchased and sold in the same year. A turnover ratio of 200%, for example, would mean that, on average, the fund holds its securities for half a year. Unfortunately, portfolio turnover can make analysis a much more difficult proposition. For example, if a bond portfolio averages 100% turnover, then the average holding period per security is one year. This means that during any given month, the portfolio is changing by approximately 8.5%. Since complete portfolio holdings are usually only reported twice a year, prospective investors in such a portfolio are highly uncertain as to the nature of the current underlying portfolio.

For closed-end funds, few criteria are as important as professional management capability and transparency. We must then rely more on the attractiveness of the asset class, and use the current portfolio as a snapshot to provide a sense of how well the portfolio is positioned. After the passage of the full-disclosure regulations, environment, some management teams reacted by restricting some of their disclosures. Others embraced the regulation, offering more disclosure and transparency. When trying to determine which closed-end funds to bring under coverage, portfolio manager transparency plays a significant role in our decision making process. Naturally, the more transparent a fund's management is, the easier it is to get a sense of that fund's future prospects.

Another area to consider is the fund's historical performance under various market conditions. Different types of funds respond in different ways to economic variables such as inflation, interest rates, and volatility in related markets. The longer a fund has been in existence, the more meaningful the evaluation of its historical performance will be. However, past performance is not necessarily a guarantee of good future performance, and even among older funds, performance history can be misleading. For instance, a fund's outperformance record may be attributable in large part to its concentration in a particular industry. If the industry runs its bullish course and falls from investor favor, that closed-end fund may start to lag.

A closed-end fund has both a net asset value (NAV) and a price, and these two values may differ. A closed-end fund's NAV is the total value of the securities in the portfolio minus any liabilities, dividend by the fund's number of common shares outstanding. The fund's price is the market value at which the fund trades on an exchange. Changes in investor demand for a particular closed-end fund may cause the fund to trade at a price that is greater (lower) than the NAV; in that case the fund is trading at a premium (discount) to its NAV. Since a fund's premium or discount to its NAV may narrow or widen, a closed-end fund's price return may differ from its NAV return.

Important Disclosures and Certifications

I, Alexander Reiss, certify that the views expressed in this research report accurately reflect my personal views about the subject securities or issuers; and I, Alexander Reiss, certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views contained in this research report.

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Our investment rating system is three tiered, defined as follows:

BUY -We expect this stock to outperform the S&P 500 by more than 10% over the next 12 months. For higher-yielding equities such as REITs and Utilities, we expect a total return in excess of 12% over the next 12 months.

HOLD -We expect this stock to perform within 10% (plus or minus) of the S&P 500 over the next 12 months. A Hold rating is also used for those higher-yielding securities where we are comfortable with the safety of the dividend, but believe that upside in the share price is limited.

SELL -We expect this stock to underperform the S&P 500 by more than 10% over the next 12 months and believe the stock could decline in value.

Of the securities we rate, 37% are rated Buy, 59% are rated Hold, and 4% are rated Sell.

Within the last 12 months, Stifel, Nicolaus & Company, Inc. or an affiliate has provided investment banking services for 16%, 21% and 0% of the companies whose shares are rated Buy, Hold and Sell, respectively.

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Additional Information Is Available Upon Request

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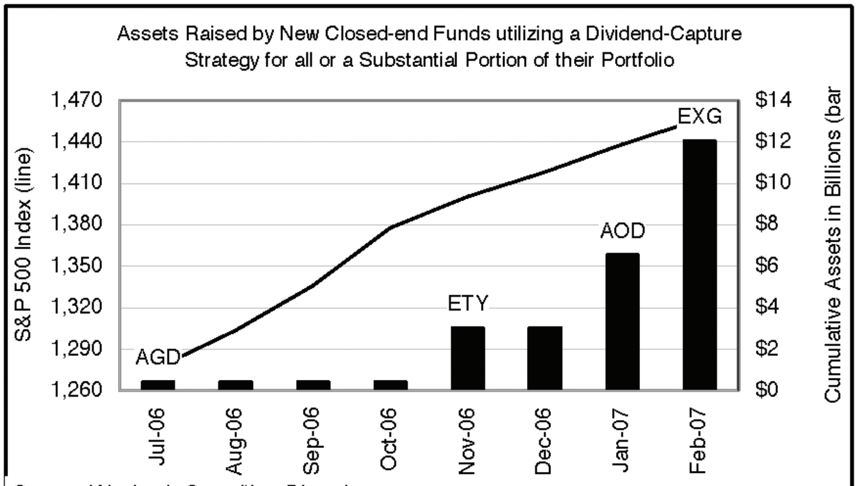
202-237-1279

February 26, 2007

Dividend-Capture Strategy

As with Most, this Recent and Increasingly Popular Strategy has Advantages and Disadvantages



Source: Wachovia Securities, Bloomberg

More than $12 billion in assets have been raised in the last few months by a new type of closed-end fund. These funds pursue a dividend-capture strategy for all, or at least a substantial portion, of their portfolio assets as shown in the chart on the right. We believe these funds' attractive distribution rates — typically between 8% and over 10% — along with the potential for stock appreciation has caught the attention of many investors. As is the case with most investment strategies, the dividend-capture strategy has its advantages and its risks. This educational essay attempts to clarify the principal risks of a dividend capture strategy. It does not discuss the strategy's advantages — a high current distribution rate and a potential for appreciation — because we think those are sufficiently clear.

A dividend-capture strategy, as it name suggests, is a strategy that attempts to opportunistically capture stocks' distributions. In simplistic terms, a stock is bought before the dividend ex-date[1], and then those shares are sold soon after the stock's dividend has been distributed. At that point, those assets are used to purchase another stock that is about to distribute a dividend, and this buy-and-sell cycle repeats itself continuously. The length of time that a fund holds a stock will partly depend on how tax-efficient the fund's distribution is targeted to be. If the distribution is targeted to be tax-efficient, i.e. taxed at a more favorable 15% rate, management must adhere to certain holding period guidelines (a minimum of about two months).

2/23/2007		Inception	Exchange	Assets Raised (million)	Price	Premium to NAV	Yield
AGD	Alpine Global Dynamic Dividend Fund	7/26/2006	New York	$414	$23.24	4.2%	8.3%
ETY	Eaton Vance Tax-Managed Diversified Equity Income Fund	11/30/2006	New York	$2,620	$19.85	1.5%	9.3%
AOD	Alpine Total Dynamic Dividend Fund	1/29/2007	New York	$3,520	$20.73	6.8%	10.4%
EXG	Eaton Vance Tax-Managed Global Diversified Equity Income Fund	2/23/2007	New York	$5,500	$20.00	4.7%	9.25-9.75% (E)

Source: Bloomberg, (E) = Target Yield Range

[1] This is the date on which the seller, and not the buyer, of a stock will be entitled to a recently announced dividend. The ex-date is usually two business days before the record date.

ANALYST CERTIFICATION: *The Closed-end Fund Analyst who prepared the report hereby certifies that the views expressed in this report accurately reflect her personal views about the subject companies and their securities. The Analyst also certifies that she has not been, is not, and will not be receiving direct or indirect compensation for expressing the specific recommendation(s) or view(s) in this report.* *Mariana F. Bush, CFA*

Please see Page 4 of this report for important definitions and disclosure information.

Equity Market Risk

Dividend capture closed-end funds invest in equity securities and carry all of the risks associated with equity market investing. Equity investing can result in significant losses during the inevitable downturns in the stock market. Investors in dividend capture closed-end funds must be financially and emotionally capable of enduring potentially significant price declines in their investments.

NAV Erosion Risk

In addition to the risk of price declines associated with declines in the equity markets, dividend capture funds may have a tendency to decline in value even if the equity markets are relatively stable. The price of a stock typically declines by the amount of its dividend after the dividend is paid. Dividend capture funds seek to buy stocks before the dividend is paid and sell them soon after the dividend payment. If the stock price does not recover during the portfolio's holding period, the fund's net asset value (NAV) could erode over time. Since the dividend capture closed-end funds were launched last summer, the equity market has cooperated — the S&P 500 Index has increased as shown in the chart on the first page. However, if the equity market (and specifically the stocks in the portfolios) weakens, the NAV of a fund that pursues a dividend capture strategy could potentially decline by more than the overall equity market.

In a prolonged market decline, the distribution of a dividend capture fund could decline as well since a shrunken asset base would diminish the earnings potential of the fund.

Discount Risk

All closed-end funds, not just dividend capture funds, carry the risk that the fund may trade at a discount to its NAV. NAV is the market value of the assets held by the fund. This value is published on at least a weekly basis by the management team of the fund. The market price of the fund, however, may be significantly higher or lower than the NAV. Funds tend to trade at discounts to their NAV when the strategy pursued by the fund is out of favor. As a result, discount risk can result in significant additional price declines at a time when the NAV of the fund is also declining. The combined impact of NAV declines and discount risk can result in very significant price declines in closed-end funds.

Too Many Dollars Chasing the Same Stocks?

As shown on the chart on the first page, an increasingly large amount of assets has recently been allocated — and may continue to be devoted — to a dividend capture strategy. Furthermore, we have heard anecdotal evidence that not only are the new, large closed-end funds pursuing a dividend-capture strategy, but the strategy is also being adopted by managers of other investment products. If too many investment dollars chase the same strategy (i.e. buying stocks before their dividend declaration and selling them after their dividend is paid), then the strategy may no longer provide attractive returns. The buying pressure from all of these new investors could potentially cause the price of dividend capture stocks to rise by more than has historically been the case before the dividend payment, and then decline by more than historically been the case after the dividend is paid. So many new investors pursuing this strategy could cause the future total returns to be disappointing relative to past performance. *Past performance is no guarantee of future results*

High Turnover Risk

A high turnover is inherent in a dividend capture strategy relative to the lower turnover of a buy-and-hold strategy. A high turnover could erode NAV in a declining market as the portfolio could be forced to realize losses. Once losses have been realized, it becomes increasingly difficult to make up for them with potential future gains. A higher turnover could also result in a higher expense ratio, which in turn could burden performance in the long term.

Sector Concentration Risk

Since stocks in the financials, utilities and telecom sectors tend to have higher dividends, there could be a tendency to concentrate the stocks of a dividend capture fund in those sectors. This would reduce the diversification benefits, and consequently increase the volatility, of a dividend capture fund relative to that of a broader fund.

International Exposure Risk

Dividend capture funds tend to focus a good portion of their holdings on international stocks, primarily European and Asian stocks. As opposed to U.S. dividend-paying stocks which tend to distribute regular quarterly dividends, many European and Asian (in particular Australian) stocks tend to pay one or two dividends per year, of which one of the two is often much greater than the other. Larger and lumpier dividends are more conducive to a dividend capture strategy. Accordingly, dividend capture funds, by nature, are likely to be susceptible to risks involving international stocks — currency fluctuation, political and economic instability, and different accounting standards. This may result in greater price volatility..

Changing Dividend Policies

A key driver of dividend capture strategies is the dividend policies of many international corporations and the recent trend toward special dividends. Unlike U.S. corporations that typically pay a consistent dividend every three months, many international companies pay only one or two very large dividends per year. These dividend policies enable dividend capture strategies to capture more dividend income than the dividend policies of U.S. corporations. International corporations may react to the frequent trading in their stocks around dividend payment dates by altering their dividend policies to pay smaller dividends on a more frequent basis. Also, in recent years many companies have augmented their regular dividends by declaring special dividends. These special dividend payments are partly a function of the strong earnings environment of recent years. Slowing earnings growth may reduce the number and size of these special dividend payments. Such changes in dividend policy could reduce the ability of dividend capture strategies to provide incremental yield.

Dividend Tax Legislation Risk

Current tax legislation is favorable towards qualified dividend income, which is taxed at 15%. However, if that legislation were to change after 2010, increasing taxes on dividends, the value of dividend-focused stocks, and consequently the fund's NAV, could potentially decline.

If dividends were to become less attractive from a tax perspective, companies could decide to stop paying dividends. A reduced number of companies paying dividends would jeopardize the earnings potential of a dividend-capture fund. This could eventually result in dividend cuts, which would most likely impact the fund's valuation — premiums could turn into discounts or discounts could widen.

Suitability of the Dividend Capture Strategy

In our opinion, the box on the right summarizes the investor suitability of the dividend capture strategy. We think this strategy is appropriate for only those investors with a moderate and long-term risk profile.

Suitability Matrix	Conservative	Moderate	Long-term
Income	✗	✓	✓
Growth/Income	✗	✓	✓
Growth	✗	✓	✓

Closed-end Funds *February 26, 2006*

Additional information is available upon request.

Important Disclosures

Wachovia Capital Markets, LLC (an affiliate of Wachovia Securities, LLC) or its affiliates managed, co-managed or lead-managed a public offering of securities for the Alpine Global Dynamic Dividend Fund (AGD), Eaton Vance Tax-Managed Diversified Equity Income Fund (ETY), Alpine Total Dynamic Fund (AOD) and Eaton Vance Tax-Managed Global Diversified Equity Income Fund (EXG) within the past 12 months.

Other Disclosures

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As part of our investment advice, we often cite individual securities. Research on these securities is obtained by our Strategists from at least one of the correspondent research providers with which WSLLC has an agreement to obtain research reports. Each correspondent research report reflects the different assumptions, opinions, and the methods of the analysts who prepared them. For copies of research reports that may have been used in this publication, please contact your financial advisor.

Disclaimers

This communication is not an offer to sell or solicitation of offers to buy any securities mentioned herein. This report is not a complete analysis of every material fact in respect to any fund or fund type. The opinions expressed here reflect the judgment of the author as of the date of the report and are subject to change without notice. Information has been obtained from sources believed to be reliable but its accuracy is not guaranteed.

Investment return and principal value of the fund will fluctuate so that an investor's shares, when sold, may be worth more or less than their original cost. Brokerage commissions will reduce returns. Performance data represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance data quoted.

The investment discussed may not be suitable for all investors. Investors must make their own decisions based on their specific investment objectives and financial circumstances.

Investments in stock and bond funds are subject to risk, including market and interest rate fluctuations.

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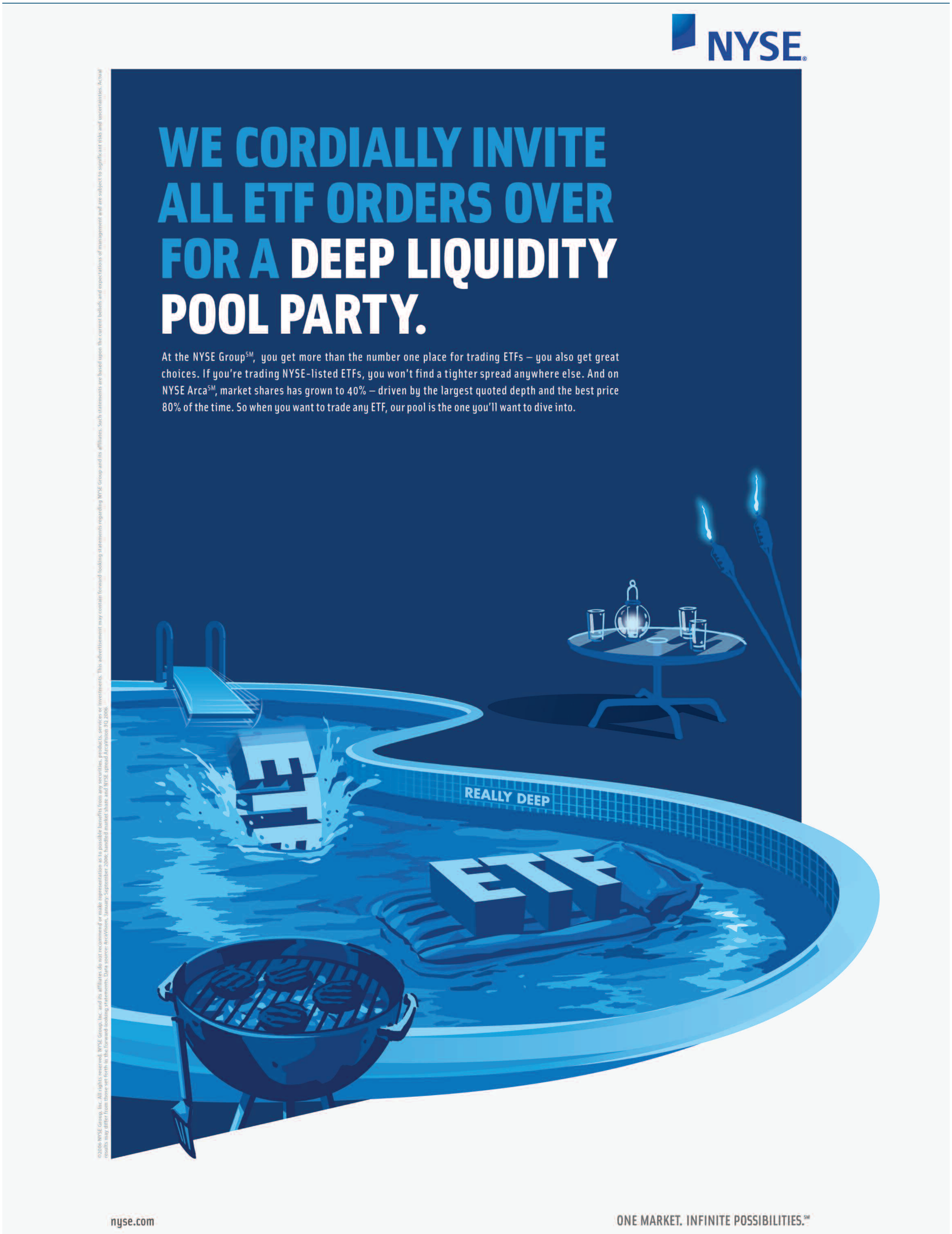
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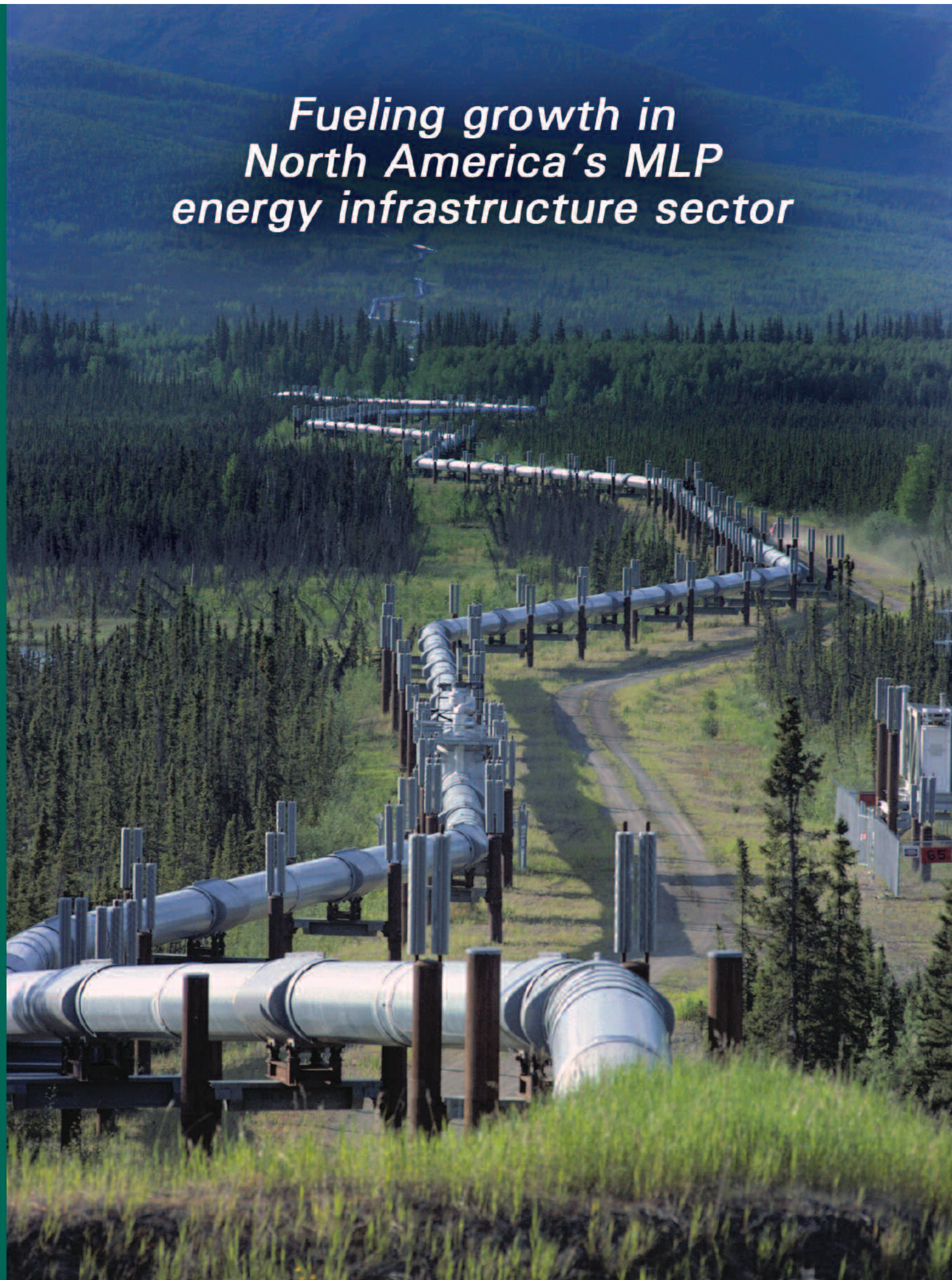
Fueling growth in
North America's MLP
energy infrastructure sector

INVESTING IN REAL ASSETS

David Schulte, J.D., CFA, CPA
Managing Director
Tortoise Capital Advisors

(Excerpted from Understanding and Evaluating Prospectuses, Offering Documents, and Proxy Statements - FPA Press, 2006)

Investment advisers interested in creating a well-diversified portfolio might consider an allocation to "real" assets, such as commodities and energy. These investments can be made directly, by purchasing and holding the actual asset, or through purchasing securities issued by investment companies holding the assets.

Energy-Related Closed End Funds

Real Asset investing is an emerging alternative investment asset class. Energy-related closed end funds offer investors a unique vehicle to replicate a diversified real asset portfolio. These funds can provide a compelling risk/reward profile and uncover an attractive yield for patient investors.

Commodities

Commodities are typically classified as consumable goods such as oil and grain. The value of a commodity depends on the supply and demand for the commodity around the world.

There are a number of benefits to investing in commodities including:

o Diversification. Commodities tend to exhibit return characteristics unrelated to those of financial investments such as stocks and bonds. Because of the low correlation, portfolio risk is reduced for investors holding both financial assets and commodities.

o Potential for enhanced return.

o Ability to profit in different economic environments. This is a particularly important aspect of commodities futures. Although their long-term returns are similar to those of stocks and bonds, futures tend to perform well during times of economic crisis resulting in high commodity prices, so the commodities futures do well.

o Global diversification. Commodity prices are based on global supply and demand balances rather than regional concerns.

There are also several ways to gain exposure to commodities in a portfolio. These include investing in the underlying commodities themselves, investing directly in commodity futures, investing in the equity of companies that produce commodities, or investing in a commodity futures index or managed futures fund. Direct investment in commodities or futures is either impractical or quite risky for most investors. The equities of commodity producers have not been shown to offer the same diversification benefits of commodity futures.

Publicly-Traded Partnerships

A security with real asset diversification benefits is the common units of publicly-traded partnerships, commonly referred to as either master limited partnerships (MLPs) or publicly-traded partnerships (PTPs), which are publicly offered to investors and trade on an exchange. They pay out to investors all operating cash flow, providing relatively stable distributions.

The operations of MLPs must relate to natural resources or real estate in order for the company to be publicly traded and retain partnership tax status. There are nearly 50 such issuers in the energy sector - primarily energy infrastructure. These energy infrastructure MLPs transport, process and store energy commodities, but investment results are not correlated highly to other energy investments.

The primary commodity exposure is based on volumes shipped or processed, not on commodity prices. This is due to the fee-based contract terms with energy producers and end users, where the MLP is paid a fee for services and does not take title to the underlying commodity.

As partnerships, the taxes are flow-through in character. Investors receive a K-1 (rather than a 1099) indicating their share of ordinary taxable income and deductions, which must be transferred to their tax return. The amount to taxable income tends to be around 20-30 percent of the cash distribution, and for some issuers the distribution grows with growth of the economy and population trends. The remainder of the distribution reduces basis in the stock, deferring ordinary taxable income until the security is sold.

MLP common unit holders have typical limited partner rights, including limited management and voting rights. MLP common units have priority over convertible subordinated units upon liquidation. Common unitholders are normally entitled to minimum quarterly distributions, prior to any distribution payments to convertible subordinated unit holders or incentive distribution payments to the general partner.

BlackRock
Closed-End Fund Family

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Taxable Portfolios

Equity Trusts

Equity Trusts	NYSE	NASDAQ	IPO Date
Global Equity Trusts			
Global Equity Income Trust	BFD	XBFDX	Mar 07
World Investment Trust	BWC	XBWCX	Oct 05
Global Opportunities Equity Trust	BOE	XBOEX	May 05
S&P Quality Rankings Global Equity Managed Trust	BQY	XBQYX	May 04
Income and Preferred Stock Trusts			
Preferred and Equity Advantage Trust	BTZ	XBTZX	Dec 06
Capital and Income Strategies Fund, Inc.	CII	XCIIX	Apr 04
Preferred and Corporate Income Strategies Fund, Inc.	PSW	XPSWX	Jul 03
Preferred Income Strategies Fund, Inc.	PSY	XPSYX	Mar 03
Preferred Opportunity Trust	BPP	XBPPX	Feb 03
Income and Value Trusts			
Enhanced Dividend Achievers™ Trust	BDJ	XBDJX	Aug 05
Enhanced Equity Yield And Premium Fund, Inc.	ECV	XECVX	Jun 05
Enhanced Equity Yield Fund, Inc.	EEF	XEEFX	May 05
Strategic Dividend Achievers™ Trust	BDT	XBDTX	Mar 04
Dividend Achievers™ Trust	BDV	XBDVX	Dec 03
Sector-Specific Equity Trusts			
Real Asset Equity Trust	BCF	XBCFX	Sep 06
Health Sciences Trust	BME	XBMEX	Mar 05
Global Energy and Resources Trust	BGR	XBGRX	Dec 04

Fixed Income Trusts

Fixed Income Trusts	NYSE	NASDAQ	IPO Date
High Current Yield Trusts (Leveraged)			
Diversified Income Strategies Fund, Inc.	DVF	XDVFX	Jan 05
Corporate High Yield Fund VI, Inc.	HYT	XHYTX	May 03
Corporate High Yield Fund V, Inc.	HYV	XHYVX	Nov 01
High Yield Trust	BHY	XBHYX	Dec 98
Debt Strategies Fund	DSU	XDSUX	Mar 98
Corporate High Yield Fund III, Inc.	CYE	XCYEX	Feb 98
Corporate High Yield Fund	COY	XCOYX	Jun 93
Senior High Income Portfolio	ARK	XARKX	Apr 93
High Income Shares	HIS	XHISX	Aug 88
Loan Participation Trusts			
Global Floating Rate Income Trust	BGT	XBGTX	Aug 04
Floating Rate Income Strategies Fund II, Inc.	FRB	XFRBX	Jul 04
Floating Rate Income Strategies Fund, Inc.	FRA	XFRAX	Oct 03
Multi-Sector Trusts			
Enhanced Government Fund, Inc.	EGF	XEGFX	Oct 05
Limited Duration Income Trust	BLW	XBLWX	Jul 03
Strategic Bond Trust	BHD	XBHDX	Feb 02
Core Bond Trust	BHK	XBHKX	Nov 01
The Income Opportunity Trust, Inc.	BNA	XBNAX	Dec 91
U.S. Mortgage Trusts			
Income Trust, Inc.	BKT	XBKTX	Jul 88

Taxable Term Trusts

Taxable Term Trusts	NYSE	NASDAQ	IPO Date
U.S. Mortgage Trusts			
Broad Investment Grade 2009 Term Trust, Inc.	BCT	XBCTX	Jun 93

Municipal Portfolios

Perpetual National Trusts

Perpetual National Trusts	NYSE	NASDAQ	IPO Date
Long-term Municipal Advantage Trust	BTA	XBTAX	Feb 06
Municipal Intermediate Duration Fund, Inc.	MUI	XMUIX	Jul 03
Insured Municipal Advantage Trust	BYM	XBYMX	Oct 02
Municipal Income Trust II	BLE	XBLEX	Jul 02
Municipal Bond Trust	BBK	XBBKX	Apr 02
Municipal Income Trust	BFK	XBFKX	Jul 01
Strategic Municipal Trust	BSD	XBSDX	Aug 99
MuniHoldings Insured Fund II, Inc.	MUE	XMUEX	Mar 99
MuniHoldings Insured Fund, Inc.	MUS	XMUSX	May 98
MuniHoldings Fund II, Inc.	MUH	XMUHX	Mar 98
MuniHoldings Fund, Inc.	MHD	XMHDX	May 97
MuniAssets Fund, Inc.	MUA	XMUAX	Jul 93
MuniVest Fund II, Inc.	MVT	XMVTX	Apr 93
Investment Quality Municipal Trust, Inc.	BKN	XBKNX	Feb 93
MuniYield Quality Fund II, Inc.	MQT	XMQTX	Sep 92
MuniYield Quality Fund, Inc.	MQY	XMQYX	Jul 92
MuniYield Insured Fund, Inc.	MYI	XMYIX	Apr 92
MuniYield Fund, Inc.	MYD	XMYDX	Dec 91
Apex Municipal Fund, Inc.	APX	XAPEX	Jul 89
MuniEnhanced Fund, Inc.	MEN	XMENX	Feb 89
MuniVest Fund, Inc.	MVF	XMVFX	Sep 88

National Term Trusts

National Term Trusts	NYSE	NASDAQ	IPO Date
Municipal 2020 Term Trust	BKK	XBKKX	Sep 03
Municipal 2018 Term Trust	BPK	XBPKX	Oct 01
Insured Municipal 2008 Term Trust, Inc.	BRM	XBRMX	Sep 92
Insured Municipal Term Trust, Inc. (2010)	BMT	XBMTX	Feb 92

State-Specific Term Trusts

State-Specific Term Trusts	NYSE	NASDAQ	IPO Date
California Municipal 2018 Term Trust	BJZ	XBJZX	Oct 01
California Insured Municipal 2008 Term Trust	BFC	XBFCX	Sep 92
Florida Municipal 2020 Term Trust	BFO	XBFOX	Sep 03
Florida Insured Municipal 2008 Term Trust	BRF	XBRFX	Sep 92
New York Municipal 2018 Term Trust	BLH	XBLHX	Oct 01
New York Insured Municipal 2008 Term Trust	BLN	XBLNX	Sep 92

State-Specific Perpetual Trusts

State-Specific Perpetual Trusts	NYSE	NASDAQ	IPO Date
MuniYield Arizona Fund, Inc.	MZA	XMZAZ	Nov 93
MuniYield California Insured Fund, Inc.	MCA	XMCAX	Nov 92
California Insured Municipal Income Trust	BCK	XBCKX	Oct 02
California Municipal Income Trust II	BCL	XBCLX	Jul 02
California Municipal Bond Trust	BZA	XBZAX	Apr 02
MuniYield California Fund, Inc.	MYC	XMYCX	Mar 92
California Municipal Income Trust	BFZ	XBFZX	Jul 01
MuniHoldings California Insured Fund, Inc.	MUC	XMUCX	Mar 98
California Investment Quality Municipal Trust, Inc.	RAA	XRAAX	May 93
Florida Insured Municipal Income Trust	BAF	XBAFX	Oct 02
MuniYield Florida Insured Fund	MFT	XMFTX	Oct 92
Florida Municipal Bond Trust	BIE	XBIEX	Apr 02
MuniYield Florida Fund	MYF	XMYFX	Mar 92
Florida Municipal Income Trust	BBF	XBBFX	Jul 01
MuniHoldings Florida Insured Fund	MFL	XMFLX	Sep 97
Florida Investment Quality Municipal Trust	RFA	XRFAX	May 93
Maryland Municipal Bond Trust	BZM	XBZMX	Apr 02
Massachusetts Health and Education Tax-Exempt Trust	MHE	XMHEX	Jul 93
MuniYield Michigan Insured Fund, Inc.	MIY	XMIYX	Nov 92
MuniYield Michigan Insured Fund II, Inc.	MYM	XMYMX	Feb 92
New Jersey Municipal Bond Trust	BLJ	XBLJX	Apr 02
New Jersey Municipal Income Trust	BNJ	XBNJX	Jul 01
MuniHoldings New Jersey Insured Fund, Inc.	MUJ	XMUJX	Mar 98
New Jersey Investment Quality Municipal Trust	RNJ	XRNJX	May 93
MuniYield New Jersey Insured Fund, Inc.	MJI	XMJIX	Nov 92
MuniYield New Jersey Fund, Inc.	MYJ	XMYJX	May 92
Municipal New York Intermediate Duration Fund	MNE	XMNEX	Jul 03
New York Insured Municipal Income Trust	BSE	XBSEX	Oct 02
New York Municipal Bond Trust II	BFY	XBFYX	Jul 02
New York Municipal Bond Trust	BQH	XBQHX	Apr 02
New York Municipal Income Trust	BNY	XBNYX	Jul 01
MuniHoldings New York Insured	MHN	XMHNX	Sep 97
New York Investment Quality Municipal Trust, Inc.	RNY	XRNYX	May 93
MuniYield New York Insured Fund, Inc.	MYN	XMYNX	Mar 92
Pennsylvania Strategic Municipal Trust	BPS	XBPSX	Aug 99
MuniYield Pennsylvania Insured Fund	MPA	XMPAX	Nov 92
Virginia Municipal Bond Trust	BHV	XBHVX	Apr 02

Closed-end fund shares are not deposits or obligations of, or guaranteed by, any bank and are not insured by the FDIC or any other agency. Each fund is subject to investment risk, including possible loss of principal amount invested. This is not a prospectus intended for use in the purchase or sale of Trust shares. Shares may only be purchased or sold through registered broker/dealers. For more information regarding any of BlackRock's closed-end funds, please call BlackRock at 800-882-0052. No assurance can be given that a fund will achieve its investment objective. Closed-end fund shares may trade at a discount to net asset value (NAV).

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Calamos Investments®

Calamos Closed-End Funds

A Dynamic Allocation Approach that Offers Attractive Income and Total Return Potential

Calamos Investments is a diversified global investment manager focused on creating wealth for investors by managing risk and return through market cycles. We follow a proprietary, time-tested investment process that seeks to maximize returns while controlling risk and preserving capital in down markets. Calamos offers four closed-end funds that employ enhanced-fixed-income, defensive-equity and defensive-global-equity strategies. We encourage you to speak with your financial advisor about how our capabilities can help you meet your long-term asset allocation goals.

Advantages of Closed-End Fund Investing

A closed-end fund (CEF) is a publicly traded company that raises its initial investment capital through the issuance of a fixed number of shares to investors in a public offering. Closed-end funds offer investors several distinct advantages:

- A defined asset pool (with no new shares issued continually) allows efficient portfolio management.
- CEFs (like a stock) can be traded throughout the day, allowing flexibility in the timing and price of trades.
- CEFs often have a lower expense ratio, which can enhance investment performance over time.
- A CEF structure makes sense for less-liquid asset classes.
- CEFs may leverage their investment positions in an effort to enhance yield and offer higher levels of current income.
- A low minimum investment enables smaller investors to purchase a diverse basket of securities through a CEF.

TOTAL-RETURN POTENTIAL MAKES CLOSED-END FUNDS INCREASINGLY ATTRACTIVE

Historically, closed-end funds have been viewed primarily as income vehicles. But total return funds—many of which offer a combination of current income and capital appreciation—are gaining ground as investors recognize that closed-end funds can serve both sides of an investment portfolio, providing both income (from distributions) and growth (from stock price appreciation).

WHY CONSIDER CALAMOS CLOSED-END FUNDS?

Calamos Investments was among the first asset managers to combine separate asset classes in a single closed-end vehicle designed to potentially enhance total return and limit risk.

Calamos is a recognized pioneer in using convertible securities to manage risk and pursue wealth. We believe convertible securities are particularly compelling when blended with other asset classes, which is why we use convertibles in combination with other asset classes in each of our closed-end fund portfolios. In our enhanced-income portfolios, we employ convertibles as a more aggressive fixed-income alternative. In our defensive-equity portfolios, convertibles offer a means to capture the upside potential of equities while providing the potential for a higher degree of downside protection.

With the flexibility to invest in equities, convertible securities and higher-yielding bonds, Calamos' portfolio managers seek the best returns in any market environment. This dynamic asset allocation also enables the investment team to better manage risk.

Convertible Security Benefits

A convertible security is a bond or preferred stock that can be "converted" into the common stock of the issuing company. Convertible securities combine the benefits of both stocks and bonds. For example, convertible securities typically offer upside appreciation in rising equity markets (like stocks) but can also provide potential downside protection during declining equity markets (like bonds).

For more information on Calamos closed-end funds, talk to your financial advisor, visit our website at **www.calamos.com** or call us at **800.582.6959.**

Portfolio Construction that Focuses on Long-Term, Quality Investments

At Calamos, we recognize that yield is part of the equation, but what makes sense for investors in the long run is what matters most. With this in mind, we apply a disciplined, active investment process to each of our closed-end funds in an effort to construct risk-managed portfolios that perform well over time.

Macro Analysis

We analyze the big picture—identifying key areas and catalysts that we believe will drive the economy and generate opportunities.

Asset class

We carefully assess whether asset categories—equities, convertibles or corporate bonds—stand to outperform or underperform and adjust the portfolio's asset class weightings accordingly.

Sector

We position our portfolios similarly across sectors based on our belief that sector effects will outweigh country effects over time. We look for industry groups with secular (enduring) growth opportunities.

Regional

With regard to our global/international portfolios, we look for characteristics we believe are crucial to a country's success and ultimately the companies in that country:

- Stable currency
- Attractive regulatory environment
- Low taxation
- Free trade
- Private property rights
- Fair rule of law

Thematic

We identify broad themes that we believe will drive opportunity in the future. The ideal scenario is to identify a secular theme that will contribute to innovation, productivity and economic progress before it becomes obvious to most market participants. Themes include everything from opportunities to serve aging baby boomers to corporate spending on productivity enhancements.

▶ **We flexibly adjust portfolio positioning based on our top-down analysis.**

Enterprise Valuation

We conduct intensive company and security research.

Business value

To determine an enterprise's value, we analyze a business as if we are buying the entire company. We conduct an exhaustive analysis to assess a company's financial soundness:

- Relying on a cash-based analysis to remove accounting distortions
- Measuring free cash flow
- Determining return on capital and balance sheet quality to gauge financial strength

Security value

Once we assign a value to the business, we seek to determine the value of each security issued by the company, whether equity, convertible or corporate bond. We focus on each type of security's upside and downside potential based on a range of potential outcomes.

Investment opportunities

By understanding all aspects of a company's capital structure, we can identify opportunities across asset classes as well as investment styles.

Security's role in portfolio

We consider the securities impact on the portfolio's industry and sector weightings in order to ensure that proper balance and diversification is maintained.

▶ **Our enterprise value approach works across all our investment strategies whether conservative or aggressive.**

Risk Management

Through active risk management, we seek to guard against unforeseen events and the potential risks of an unpredictable market.

Qualitative factors

We evaluate a company's:

- Economic environment
- Competitive positioning
- Access to capital
- Product lineup
- Business strategy
- Management

Quantitative factors

Using quantitative tools, we aim to determine whether a company's relative growth is likely to accelerate or decelerate.

Liquidity

We attempt to take into account factors such as:

- Days needed to exit a position
- Event risk
- Company ownership
- Company's near-term capital requirements

Sell discipline

We adhere to a strict sell discipline. Catalysts for selling a security include:

- A deceleration in relative return on capital and revenue or earnings growth
- A price well above a sustainable growth level
- A better opportunity
- Deterioration in the company's balance sheet, management or financial flexibility

▶ **Our risk-management policy helps maintain a consistent risk profile during all phases of the market cycle.**

Dynamic Asset Allocation in Four Distinct Closed-End Funds

Calamos Closed-End Funds dynamically invest across a variety of asset classes with an eye toward striking the optimal balance between risk and reward throughout the full market cycle. This risk-managed approach has the potential to deliver an attractive long-term total return through a combination of capital appreciation and current income. We offer several distinct strategies including enhanced fixed income, defensive equity and defensive global equity.

	Calamos Convertible Opportunities and Income Fund	Calamos Convertible and High Income Fund	Calamos Strategic Total Return Fund	Calamos Global Total Return Fund
NYSE Ticker	CHI	CHY	CSQ	CGO
NAV Ticker	XCHIX	XCHYX	XCSQX	XCGOX
Inception Date	6/26/02	5/28/03	3/26/04	10/27/05
IPO Price	$15.00	$15.00	$15.00	$15.00
IPO NAV	$14.32	$14.32	$14.32	$14.32
Objective	Seeks total return through capital appreciation and current income by investing in a diversified portfolio of convertible securities and high-yield corporate bonds.	Seeks total return through capital appreciation and current income by investing in a diversified portfolio of convertible securities and high-yield corporate bonds.	Seeks total return through a combination of capital appreciation and current income by investing in a diversified portfolio of equities, convertible securities and high-yield corporate bonds.	Seeks total return through a combination of capital appreciation and current income by investing in a globally diversified portfolio of equities, convertible securities and high-yield corporate bonds.
Asset Allocation Role	**Enhanced fixed income** May be suitable for investors who seek an alternative or complement to investment-grade, fixed-income instruments.	**Enhanced fixed income** May be suitable for investors who seek an alternative or complement to investment-grade fixed-income instruments.	**Defensive equity** May be suitable for investors who seek to participate in long-term upward trends of the equity markets but with the added benefit—and potential downside protection—of a stable monthly distribution.	**Defensive global equity** May be suitable for investors who seek to participate in long-term upward trends of the global equity markets but with the added benefit—and potential downside protection—of a stable monthly distribution.
Primary Asset Classes	High-Yield Corporate Bonds Convertible Securities Common Stocks	High-Yield Corporate Bonds Convertible Securities Common Stocks	Common Stocks High-Yield Corporate Bonds Convertible Securities	Global Common Stocks Global High-Yield Corporate Bonds Global Convertible Securities

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A Word About Risk

Investments by the funds in lower-rated securities involve substantial risk of loss and present greater risks than investments in higher-rated securities, including less liquidity and increased price sensitivity to changing interest rates and to a deteriorating economic environment.

There are certain risks associated with an investment in a convertible bond such as default risk—that the company issuing a convertible security may be unable to repay principal and interest—and interest rate risk—that the convertible may decrease in value if interest rates increase.

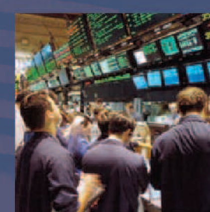
Fixed-income securities are subject to interest rate risk; as interest rates go up, the value of the debt securities in the Fund's portfolio generally will decline.

You can purchase or sell common shares daily. Like any other stock, market price will fluctuate with the market. Upon sale, your shares may have a market price that is above or below net asset value and may be worth more or less than your orginal investment. Shares of closed-end funds frequently trade at a market price that is below their net asset value.

Leverage creates risks which may adversely affect return, including the likelihood of greater volatility of net asset value and market price of common shares; and fluctuations in dividend rates on any preferred shares.

Global Total Return Fund
The Fund may invest up to 100% of its assets in foreign securities and invests in an array of security types and market-cap sizes, each of which has a unique risk profile. As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities. These include fluctuations in currency exchange rates, increased price volatility, and difficulty obtaining information.

One of the risks associated with purchasing an option is that the Fund pays a premium whether or not the option is exercised.



ETF Market Overview and Advantages

Index-linked ETFs may serve as attractive investment alternatives. In our view, ETFs are compelling investments for exposure to many asset classes due to their broad diversification, low expense ratios, high tax efficiency, competitive long-term performance versus active managers, and trading flexibility. Index-linked ETFs are passively managed portfolios designed to provide exposure to specific indices, baskets of stocks, currencies or commodities. Some ETFs offer relatively low-risk, broadly diversified portfolios, which investors may find attractive as the core equity components of their portfolios. Others offer diversified investments in particular styles, sectors, industries, regions, countries, or commodities.

There are currently 303 ETFs that provide exposure to US equity markets. The largest ETF managers include Barclays Global Investors (iShares), State Street Global Advisors (SPDRs), Bank of New York (QQQQ, MDY, BLDRs), Vanguard, Merrill Lynch (HOLDRs), World Gold Trust, PowerShares, Rydex, ProShares, WisdomTree, DB Commodity Services, Victoria Bay, Van Eck, Claymore, First Trust, and Fidelity. Several ETFs offer exposure to duplicate or similar indices; however, there are structural differences in the products and indices. We believe investors should favor ETFs that best meet their investment objectives with the lowest operating expenses and reasonable liquidity.

US equity ETF profiles begin on page 40

There are 85 ETFs that provide international equity exposure. Many international ETFs are iShares based on MSCI Indexes, but others are based on S&P, Bank of New York ADR, Dow Jones STOXX, and WisdomTree indices.

International equity ETF profiles begin on page 205

There are 15 ETFs that offer US fixed-income exposure. They are all iShares based on Lehman Treasury and Aggregate Indexes and the iBoxx Corporate Bond Index.

Fixed-Income ETF profiles begin on page 262

There are 21 ETFs that provide exposure to alternative asset classes including commodities and currencies. Three commodity ETFs hold physical gold or silver, while ten other ETFs utilize futures for exposure to individual or baskets of commodities. The currency ETFs invest in foreign time deposits or currency futures.

Commodity/Currency profiles begin on page 269

ETF Advantages

Index-linked ETFs trade on major exchanges. This allows investors to buy and sell them at stated market prices. In contrast to open-end funds that price once a day at the close, ETFs are available to all investors at market prices throughout the day. This helps to reduce the uncertainty of buying shares intraday at prices to be determined at the close. Many index-linked ETFs can also be shorted without an uptick, providing extra flexibility for hedging or market-timing. They can be bought on margin, purchased using limit and stop loss orders, and many have listed options. This open trading prevents opportunities for market timing in which some investors buy open-end funds investing in foreign markets that closed before US trading started. For example, on a day when the US market is higher, ETFs based on a Japan index usually trade up in anticipation of higher prices in Japan overnight. In this case, open-end funds investing in Japan may be priced based on the previous day's close.

Index-linked ETFs have some of the lowest expenses of any registered investment product. Their expense ratios are significantly lower than those of open-end mutual funds, but the range has widened as some providers cut fees while certain newer products have higher fees (Exhibit 1). For example, the Vanguard Total Stock Market Index Fund (VTI) has an expense ratio of seven basis points (bps), while the average actively managed domestic equity open-end fund has 150 bps in expenses. ETF expense ratios also compare

Exhibit 1

Expense Ratios of ETFs vs. Open-End Mutual Funds

	Average	Range
Exchange-Traded Funds*:		
US Major Market ETFs	28 bps	7-60 bps
US Specialty Market ETFs	69 bps	28-95 bps
US Style ETFs	29 bps	11-65 bps
US Sector/Industry ETFs	46 bps	12-60 bps
All US Equity ETFs	43 bps	7-95 bps
International Equity ETFs	54 bps	18-75 bps
All Equity ETFs	45 bps	7-95 bps
Fixed-Income ETFs	17 bps	15-20 bps
Open-end Mutual Funds:**		
Actively Managed Domestic Equity	150 bps	
Actively Managed International Equity	170 bps	
Passive/Indexed Domestic Equity	72 bps	
Passive/Indexed International Equity	99 bps	
Passive/Indexed Fixed-Income	43 bps	

Source: Company data, Morgan Stanley Research. *Average expense ratio, excluding HOLDRS. **Morningstar 3/31/06. Although these investment vehicles may be similar to ETFs, they are not identical and may offer additional benefits to investors over ETFs, such as increased returns and customized management.

favorably to the average expense ratio of 72 bps for passive/indexed domestic equity open-end mutual funds. In addition, ETFs typically have much lower portfolio and investor turnover, which leads to lower internal transaction and processing costs. The buying and selling of securities within a fund leads to costs including commissions, bid-ask spreads, and market impact. Investor turnover also increases processing and reporting costs, which are borne by long-term investors. ETF investors, however, generally have to pay commissions to buy or sell shares. ETF and open-end fund expenses are deducted from net asset values, which may lead to underperformance over time relative to their benchmarks.

Passively managed index-linked ETFs tend to be more tax-efficient than actively managed funds. Since ETFs track indices, there tends to be less portfolio turnover and realization of capital gains than with actively managed funds. We believe there is minimal risk that investor flight will cause capital gains. In falling markets, many open-end mutual fund investors seek redemptions, which usually force a fund to sell stock and may create capital gains tax liabilities, which are passed on to remaining shareholders. ETFs can reduce this tax liability through an "in-kind" redemption mechanism, whereby baskets of stocks change hands, as opposed to cash. The redemption process is not a taxable transaction for ETFs, so there is no realization of gains that must be distributed to shareholders. Exhibit 2 contains a comparison of capital-gains distributions made by the oldest ETF, SPY, versus the S&P open-end funds designed to track the same S&P 500 Index. While SPY's distributions were almost nonexistent, the open-end funds had average distributions equal to 1.68% of NAV.

Exhibit 2

Capital Gains Distributions as a Percentage of NAV*

	S&P 500 SPDR ETF (SPY)	Open-End S&P 500 Index Fund Avg.**
1993	0.00	1.33
1994	0.00	1.33
1995	0.00	4.76
1996	0.12	2.43
1997	0.00	3.72
1998	0.00	2.24
1999	0.00	1.79
2000	0.00	2.20
2001	0.00	0.51
2002	0.00	0.11
2003	0.00	0.14
2004	0.00	0.50
2005	0.00	0.81
Average	0.01	1.68

* Year-end NAV. **Average open-end S&P 500 fund. Source: Bloomberg

Exhibit 3

Open-end Funds that Underperformed Benchmark

	Value	Blend	Growth
Large	80%	80%	60%
Medium	76%	57%	56%
Small	69%	58%	36%

Based on Lipper data for the past 15 years, ending December 31, 2005. Dow Jones Wilshire Indexes were used from the respective indices. Sources: Lipper, SSGA Advisor Consulting Services.

Historically, actively managed open-end funds have underperformed their benchmarks. According to Lipper, the majority of open-end funds underperformed representative benchmarks over the past fifteen years (Exhibit 3). This was most prevalent for large-cap funds, where 80% of value, 80% of blend, and 60% of growth managers underperformed. If these returns were calculated on an after-tax basis, active manager underperformance would be even more dramatic, in our view.

The market price and net asset value (NAV) of index-linked ETFs are designed to stay close to each other. Authorized participants (APs) can create ETF shares by delivering a set amount of securities in the underlying portfolio to a custodian bank. In return, the AP receives a corresponding number of ETF shares (usually a block of 50,000 or 100,000 shares, called Creation Units). Similarly, ETF shares can be redeemed by delivering them in Creation Unit size to the custodian and receiving a basket of underlying securities. This creation and redemption process helps to keep the difference between an ETF's market price and NAV small, as any divergence would create an arbitrage opportunity. When an ETF is trading at a significant premium or discount to NAV, APs can buy or sell the ETF and place offsetting buy or sell trades in the underlying basket of component securities.

Intraday NAV estimates can enhance the pricing efficiency of index-linked ETFs. Exchanges calculate and disseminate estimated ETF underlying portfolio values throughout the trading day. This information helps keep investors aware of the approximate market price/NAV relationship when making purchase and sale decisions. It also can facilitate the arbitrage process through which professional traders can create or redeem shares if the price moves out of line with NAV. Intraday estimates of NAVs can be accessed through most quotation systems by using specific tickers, listed on pages 4–10 and on the individual ETF profile pages.

ETF Investment Applications

ETFs have many investment applications. Broad-based ETFs can serve as diversified core holdings, while style, sector and industry ETFs can be used to complete parts of a portfolio or for tactical strategies. We believe ETFs generally work well within asset allocation models. They provide efficient ways to diversify into international markets, fixed-income and alternative assets. Another benefit is that ETFs are complementary to most other investment vehicles. They can be used together with common stocks, privately managed assets, and other fund products.

ETFs based on broad-market indices can serve as good core holdings. We believe it is important to have core equity holdings. Since no sector, style, or manager consistently outperforms, we believe having core holdings invested in broad-market indices can help to reduce portfolio volatility and achieve competitive returns.

ETFs can be used to efficiently implement asset allocation models. Morgan Stanley currently maintains two distinct asset allocation models. The equity portion of the Global Wealth Management (GWM) Asset Allocation Frameworks, can be implemented using six US style and three international equity ETFs (Exhibits 4–5). In our view, this model has two primary applications:

1) The construction of an entire equity portfolio. Investors desiring a complete asset-allocation strategy may find this appealing, as they merely have to purchase appropriate investments for each market segment in their proper weightings and occasionally rebalance.

2) The core equity portion of a portfolio. Investors seeking a more active trading approach may find a core/satellite investment strategy appropriate. In this case, the model could serve as a core. In an effort to increase returns, shorter-term tactical strategies, such as stock, sector, style, or country overweights may be employed as satellite investments. Core holdings can help ensure that a portfolio's performance does not deviate widely from established benchmarks, while satellite investments constitute active strategies to try to increase returns.

Morgan Stanley Chief US Strategist Henry McVey also maintains a sector model. A large-cap US sector model can be closely replicated with ten ETFs (Exhibit 6). This model may be attractive to investors wishing to gain exposure to certain sectors or pursuing a more aggressive trading strategy.

ETFs offer an efficient way to gain international exposure. Most ETFs are well diversified and thus we believe they are typically less volatile than individual stocks. They can also provide convenient investments in markets that might be inaccessible. Investors seeking simple core international equity exposure might use ETFs based on the MSCI EAFE, Europe, Pacific, or Emerging Markets Indexes. Others might choose to design a portfolio of regional or single-country ETFs.

ETFs also offer a way to gain exposure to fixed-income and alternative investments. ETFs are available for short- and long-maturity Treasuries as well as the Corporate, Aggregate and Treasury Inflation Protected (TIPs) market. ETFs can also provide exposure to gold and silver bullion, oil and broad based commodity indices and foreign currency.

We believe ETFs provide relatively low-cost, liquid trading vehicles. They can be used by market timers wishing to gain or reduce exposure to entire markets or sectors throughout the trading day. They also can be used for targeted asset allocation or sector rotation strategies. Index-linked ETFs are not subject to Rule 10a-1 under the Securities Exchange Act of 1934 (subject to certain restrictions for HOLDRS) and can be shorted throughout the trading day subject to the availability of stock borrows.

ETFs may be sold short to hedge a portfolio of stocks, bonds, or mutual funds. This allows investors to preserve a portfolio while protecting it from overall market losses. In a market decline, profits on an ETF short position could offset losses incurred by the portfolio. Listed options are available on many ETFs and can also be used to implement various hedging or investment strategies.

ETFs can serve as a cash management tool. Investors can purchase ETFs to "equitize" cash inflows that could eventually be invested in securities. Unlike futures, ETFs can be bought in smaller sizes, do not require any special documentation or accounts, and do not have roll costs or margin needs. ETFs track many indices on which futures are not available.

ETFs may offer efficient tax management strategies. ETFs can be used to create losses to offset realized or future capital gains. Different ETFs may be considered different securities from a tax standpoint. The wash-sale rules, which disallow a loss on a security if the same security is repurchased within 30 days, apply in a slightly different manner to ETFs. For example, an investor could take a loss on one sector ETF and immediately establish a position in another ETF in the same sector, provided that the underlying stocks in each ETF are not substantially identical. ETFs also may be used to hedge and defer income. Investors should check with their tax advisors to ascertain any ETF tax consequences

US Market Sees Dramatic Listings Growth in 2006

This section is an excerpt from our January 26, 2007 report "US Market Sees Dramatic Listings Growth in 2006." It details the growth of the US-listed ETF market including an analysis of fund flows and market composition. Data, such as cash flows, total assets, average daily dollar volume, turnover, and short interest are available in the full report for 389 ETFs.

Industry Growth

The US ETF market continues to evolve and is generating robust growth in terms of both assets and new listings. As of January 17, 2007, the market consisted of 389 ETFs with total assets exceeding $439 billion and average daily trading volume in excess of $29 billion. During the fourth-quarter of 2006, 54 ETFs were launched in the United States and net cash flows for the industry were $25.4 billion. For all of 2006 there were 154 new US-Listed ETFs, which represented 70% growth, and net cash inflows were $61.9 billion. Year-end 2006 assets in US-Listed ETFs were $445 billion, which represented 46% growth from the end of 2005.

The evolution of the ETF industry is equally as impressive as its continued growth. From inception in 1993 with the launch of SPDR Trust (SPY), ETFs were designed for investors to achieve returns comparable to established equity benchmarks and to provide liquidity for active traders. Older ETFs were generally based on broad market cap weighted indices and had low costs, low turnover and high tax efficiency. Newer ETFs include those based on fundamental indices with new approaches to weightings, indices using rules based models for stock selection and thematic indices. New ETFs also give exposure to leveraged and inverse products, commodities and foreign currencies. Many newer ETFs have higher relative fees and turnover and potential tax complications.

The range of new ETFs is changing the complexity of the industry. During the first ten years, most ETFs were focused on well-known indices. However, a large number of more recently launched ETFs track new or less well-known benchmarks. This has heightened the importance of industry insight and analysis to help differentiate among products. We believe investors should carefully consider the investment objectives, design and structure of ETFs as their performance might deviate meaningfully from established benchmarks. For example, some newer fundamental or rules based indices may have a tilt towards small or large cap or growth or value stocks that have shown *historical outperformance when these market segments outperformed. However, this can turn into underperformance when these market segments lag.*

ETF assets are growing rapidly, but a few providers still account for vast majority of industry assets. As of January 24, 2007, Barclays Global Investors (BGI) had $253 billion in ETF assets, for a 58% market share, followed by State Street Global Advisors (SSGA) which had $94 billion in assets or a 21% market share (Exhibit 7). Each of the other 14 providers had less than a 7% share and combined they had $92 billion in assets.

ETFs based on international markets generated the strongest cash flows and gained the most market share in 2006. Last year, $25.4 billion of net new assets went into ETFs based on international markets, which was $18 billion more than any other asset class (Exhibit 8). The iShares MSCI EAFE (EFA) ETF, the second largest listed ETF in the US, generated $8 billion in net cash flows in 2006, which was almost $4 billion more than any other ETF (exhibit 9).

The ten largest ETFs currently account for almost 47% market share and the top 20 account for 60% (exhibit 10). While these numbers have declined as the number of ETFs has increased, it still reflects the concentration of industry assets. The remaining 369 ETFs have roughly $175 billion, while the smallest 100 ETFs have a combined market share of 0.4%.

Daily ETF dollar volume exceeds $29 billion, but remains concentrated. Exhibit 11 shows the top 20 ETFs by average daily dollar volume. SPY and QQQQ account for almost 50% of the industry's daily dollar volume and the ten most actively traded ETFs account for over 80%. However, these numbers are down significantly from 1999-2003 when SPY, QQQQ, and DIA together averaged up to 90% of total volume.

Some ETFs have notable short interest. In aggregate, there was $59 billion in ETF short interest as of January 24, 2007. Exhibit 12 contains a list of 20 ETFs with the highest short interest as a percent of market cap. Currently, there are eight ETFs with short interest greater than 100%, indicating more shares are held short than are outstanding, due to multiple borrowings. However, the majority of ETFs (258) have short interest less than 5% and the average *short interest among US-listed ETFs is 12%.*

Several ETFs experience a high level of share turnover versus assets. Exhibit 13 includes a list of the 20 ETFs with the most frequent turnover (measured in days as a ratio of market cap relative to daily dollar volume). The average ETF sees its assets turn over approximately every 96 days, but 17 ETFs experience much more rapid turnover at less than 10 days, and one ETF (RTH) sees 100% of its shares turn over in less than two days. In our view, many of these ETFs are used by aggressive investors to gain targeted market exposure over very short time horizons.

ETF Provider Developments (by order of US assets)

Barclays Global Investors (BGI) is the largest provider of US listed ETFs and continues to gain market share. As of January 24, 2007, BGI had 128 ETFs with $253 billion in assets for 58% of the US market. In 2006, BGI took in $49 billion in net new assets, which is almost 80% of the net cash flows for the entire ETF industry. In 2006, BGI added five global sector funds and now offers ETFs on all 10 S&P global sectors. They also listed two new commodity ETFs, iShares Silver (SLV), which holds physical silver, and iShares GSCI Commodity-Indexed Trust (GSG), which uses commodity futures to track a production-weighted basket of 24 commodities. BGI also launched ten industry ETFs based on components of the Dow Jones Wilshire 2500 index, which use a modified market-cap weighting. Of the new products issued by BGI in 2006, SLV attracted the most assets and was the only ETF launched last year to gather in excess of $1.0 billion.

State Street Global Advisors (SSgA) is the second largest ETF provider. As of January 24, 2007, SSgA had 43 ETFs with $94 billion in assets for a 21% market share. SSgA had net cash inflows of $0.9 billion. SSgA listed twelve ETFs in 2006, eight of which are industry based indices that are components of S&P Total Market Index and one that is based on the Keefe, Bruyette & Woods Regional Banking Index. Two Japanese equity ETFs were launched late in the year followed by the first international real estate ETF. Most of SSgA's industry ETFs use an equal-weighting approach. Of their new products, SPDR Homebuilder ETF (XHB) has generated the most new assets and now has a market-cap of $302 million.

Bank of New York (BONY) is the third largest US listed ETF provider in terms of managed assets. As of January 24, 2007, BONY had 6 ETFs which now have $28 billion in assets for a 6.4% market share. For 2006, BONY had net cash outflows of $12 billion in 2006, with most redemptions occurring in NASDAQ-100 Tracking Stock (QQQQ). The firm did not list any new ETFs last year. NASDAQ Global Funds, the sponsor of QQQQ recently agreed to turn over the sponsorship of QQQQ and four BLDRs to PowerShares Capital Management. However, BONY is expected to continue to manage the assets of these ETFs.

Vanguard is the fourth largest US listed ETF provider. As of January 24, 2007, they had 27 ETFs that now have $24 billion in assets for a 5.5% market share. During 2006, Vanguard had the second largest net cash inflows, which totaled $8.6 billion. The largest portion of the inflows occurred in Vanguard Emerging Markets ETF (VWO), which is the lowest cost emerging market ETF. In terms of new offerings, Vanguard rounded out its growth and value series by introducing mid-cap growth and value ETFs and two dividend based products in 2006.

Merrill Lynch is the fifth largest ETF provider. Their 17 HOLDRs have assets of $10 billion for a 2.3% market share. Several HOLDRs (OIH, SMH) continue to represent the largest or most liquid ETF-type product to access a given industry. However, more efficient ETF structures have been created since HOLDRs were created and no new ones have been issued since 2001.

World Gold Trust Services (WGS) is the sixth largest ETF provider. As of January 24, 2007, WGS had one ETF, the streetTRACKS Gold ETF (GLD) that now has $9.2 billion in assets for a 2.1% market share. GLD had net cash inflows of $3.6 billion in 2006. WGS has not introduced any other products in the US.

PowerShares Capital Management is the seventh largest ETF provider. They were the most aggressive issuer of US listed ETFs in 2006 issuing 33 new ETFs. As of January 24, 2007, PowerShares managed 69 ETFs that have current assets of $8.9 billion for a 2.0% market share. They now have the second highest number of ETFs and had strong percentage growth taking in $3.6 billion in net new assets in 2006. Many of PowerShares' ETFs use rules-based models to screen and select stocks and rebalance quarterly. Most of these indices use a modified or tiered market cap weighting and have a small and mid-cap bias in addition to a value tilt. Their most successful products have identified specific market segments such as their Water Resources Portfolio (PHO) or Clean Energy Portfolio (PBW). The largest new product launched by PowerShares in 2006 is the PowerShares Zack's Small-Cap Portfolio (PZJ), which has $67 million in assets.

Rydex Investments is the eighth largest ETF provider. As of January 24, 2007, they had 24 ETFs with current assets of $3.9 billion for a 0.9% market share. Rydex launched 21 new products in 2006, six providing exposure to foreign currencies, six others are based on a series of S&P Pure growth and value indices and nine ETFs representing equal-weighted S&P 500 sectors (combining telecommunication services and utilities). Rydex had over $1.6 billion in net new cash flows in 2006 with the Euro Currency Trust (FXE) leading the way. Rydex's most successful ETF launch in 2006 was the CurrencyShares British Pound Sterling Trust (FXB), which tracks the price of the British Pound in terms of US Dollars and generates interest income based on an overnight lending rate. FXB currently has $59 million in assets.

ProShares is the ninth largest ETF provider. They entered the market in June 2006 and as of January 24, 2007, had 12 ETFs with current assets of $2.4 billion for a 0.5% market share. ProShares currently has leveraged, inverse and leveraged inverse products based on the Dow 30, S&P 500, S&P MidCap 400 and NASDAQ-100 indices. Their most successful ETF has been the UltraShort QQQ ProShares (QID), which tracks double the inverse of the NASDAQ-100's daily performance. QID now has $795 million in assets.

WisdomTree Asset Management is the tenth largest ETF provider. They entered the market in June 2006 and as of January 24, 2007, managed 30 ETFs with current assets of $1.8 billion for a 0.4% market share. The firm's products are fundamentally weighted to favor companies that pay large streams of dividends or have high dividend yields. Their screening process is relatively straightforward and leaves the ETFs with a value bias since they omit stocks that do not pay dividends. A number of WisdomTree's ETFs give exposure to international markets and they are the first firm to offer international sector, international small and mid cap, and regional ETFs with high dividend yields. Their largest new product is the WisdomTree LargeCap Dividend Fund (DLN), which has assets of $225 million.

Victoria Bay Asset Management is the eleventh largest ETF provider in terms of managed assets. As of As of January 24, 2007, Victoria Bay managed one ETF with current assets of $1.3 billion for a 0.3% market share. In April 2006, the firm launched United States Oil Fund (USO), which invests in oil futures contracts and seeks to deliver the performance of near month light sweet crude oil futures contract.

DB Commodity Services (DBCS) is the twelfth largest ETF provider. DBCS entered the market in February 2006 and as of As of January 24, 2007, had nine ETFs with current assets of $1.1 billion for a 0.2% market share. DBC, which uses commodity futures to track a basket of six commodities, has been the firm's most successful launch and now has $705 million in assets.

Van Eck Associates is the 13th largest ETF provider. As of January 24, 2007, they managed three ETFs with current assets of $0.6 billion for a 0.1% market share. In May 2006, they launched Market Vectors Gold Miners ETF (GDX) which tracks the AMEX Gold Miners and has been their most successful ETF so far. It has taken in about $336 million in net inflows. Van Eck recently launched two additional ETFs, both of which currently have less than $50 million in assets.

Claymore Advisors is the latest to enter the US market and is the 14th largest provider. They launched 9 ETFs in 2006, which track newly developed or thematic indices including the Sabrient Insider and Stealth indices, the Zacks' Yield Hog and Sector Rotation indices and the BONY BRIC index, which invests in ADRs from Brazil, Russia, India and China. These ETFs have aggregate assets of $470 million for a 0.1% market share. The BRIC ADR ETF (EEB) is their biggest with $236 million in assets.

First Trust Advisors is the 15th largest ETF provider. As of As of January 24, 2007, they managed 9 ETFs with current assets of $0.3 billion for less than a 0.1% market share. First Trust entered the ETF market in September 2005 using some established indices (such as the Amex Biotech index) and offers other thematic products, such as the IPOX-100, which tracks a new issue index.

Fidelity Management and Research is the smallest ETF provider. However, in our opinion, the firm has yet to show any meaningful interest in the market. Fidelity manages one ETF that tracks the NASDAQ Composite Index (ONEQ) that currently has $116 million in assets for less than a 0.1% market share.

Exhibit 7

ETF Advisor/Trustee Market Share and Fund Flow Data

ETF Advisor/Trustee	#er Funds	Net Cash Flow ($Mil) 4Q 06	2006	2005	2004		1/24/07 Assets ($Mil)	Market Share (%)
Barclays Global Investors (iShares)	128	19,877	49,393	44,435	44,643		253,303	57.6
State Street Global Advisors (SPDRs, StreetTRACKS)	43	4,195	931	7,721	12,507		93,692	21.3
Bank of New York	6	(5,294)	(12,176)	(2,288)	(4,961)		28,171	6.4
Vanguard	27	2,582	8,634	4,916	2,567		24,224	5.5
Bank of New York/Merrill Lynch (HOLDRS)	17	(463)	526	(954)	3,337		9,977	2.3
World Gold Trust Services	1	1,292	3,602	2,502	1,353		9,294	2.1
Powershares	69	406	3,623	2,616	409		8,936	2.0
Rydex (Currency Shares)	24	689	1,671	711	477		3,900	0.9
ProShares	12	840	2,307	0	0		2,384	0.5
WisdomTree	30	557	1,133	0	0		1,841	0.4
Victoria Bay Asset Management	1	446	930	0	0		1,305	0.3
DB Commodity Services	9	114	641	0	0		1,056	0.2
Van Eck Associates	3	72	336	0	0		558	0.1
Claymore Advisors	9	65	154	0	0		469	0.1
First Trust	9	51	180	62	0		270	0.1
Fidelity	1	13	32	51	(61)		116	0.0
Total	389	25,444	61,916	59,771	60,271	0	439,498	100

Exhibit 8

US-Listed ETF Cash Flows by Objectives

Investment Objective	# er Funds	Net Cash Flow ($Mil) Q4 06	2006	2005	2004	01/24/07 Assets ($Mil)	Market Share (%)
Broad-Market	12	771	1,381	1,677	1,888	12,910	3
Large-Cap	30	2,920	(302)	9,402	14,008	149,337	34
Mid-Cap	24	450	769	4,915	3,722	27,824	6
Small-Cap	22	3,561	6,163	298	5,648	27,452	6
Micro-Cap	3	8	134	205	0	441	0
Custom	25	321	2,476	1,096	284	4,820	1
Dividend Income	12	759	122	2,814	4,218	9,997	2
Leveraged	4	201	490	0	0	591	0
Inverse	4	(8)	423	0	0	371	0
Leveraged Inverse	4	647	1,394	0	0	1,422	0
Sector & Industry	130	255	8,897	6,476	9,772	54,471	12
International	70	10,844	25,440	22,488	15,066	110,511	25
Global	13	247	860	730	534	3,184	1
Fixed Income	15	2,014	5,767	6,782	3,778	20,801	5
Commodity	13	2,110	7,016	2,800	1,353	14,059	3
Currency	8	343	886	90	0	1,308	0
Total	389	25,444	61,916	59,771	60,271	439,498	100

Source: Bloomberg, Fund Providers and Trustees
*Source: Bloomberg, ETF Advisors and Trustees. Note: Market Share Data aggregated by entities that most directly manage assets.

The basics of iShares fixed income ETFs.

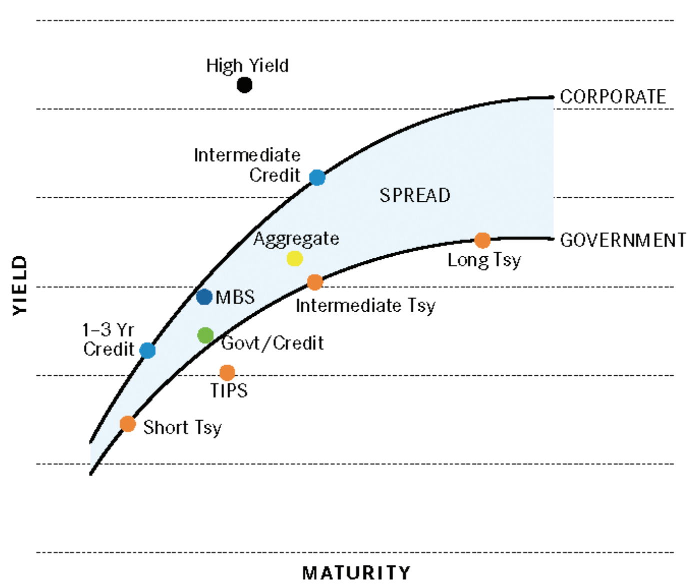
Diversified exposure to sectors of the fixed income market

iShares Fixed Income ETFs are an extensive and modular product set that offer the precision needed to express your views on the fixed income markets. These low-cost, tax-efficient ETFs offer instant, diversified exposure to the various sectors of the market, each with their own unique risks and opportunities. They enable you to build or adjust portfolios based on yield curve shifts, credit, or interest rate movements, with precise credit quality and duration profiles.

iShares modular family of fixed income ETFs

	TRADING SYMBOL	EXPENSE RATIO (%)
FIXED INCOME BROAD MARKET BOND FUND		
iShares Lehman Aggregate	AGG	0.20
TREASURY BOND FUNDS		
iShares Lehman Short Treasury	SHV	0.15
iShares Lehman 1-3 Year Treasury	SHY	0.15
iShares Lehman 3-7 Year Treasury	IEI	0.15
iShares Lehman 7-10 Year Treasury	IEF	0.15
iShares Lehman 10-20 Year Treasury	TLH	0.15
iShares Lehman 20+ Year Treasury	TLT	0.15
iShares Lehman TIPS	TIP	0.20
GOVERNMENT/CREDIT BOND FUNDS		
iShares Lehman Intermediate Govt./Credit	GVI	0.20
iShares Lehman Government/Credit	GBF	0.20
CREDIT/CORPORATE BOND FUNDS		
iShares Lehman 1-3 Year Credit	CSJ	0.20
iShares Lehman Intermediate Credit	CIU	0.20
iShares Lehman Credit	CFT	0.20
iShares iBoxx $ Investment Grade Corporate	LQD	0.15

Hypothetical yield curves for the U.S. market



Modularity enables precise expression of your views

Sector-specific performance—Capture the unique credit, yield, and duration attributes of the sectors.

Diversification/portfolio completion—Use unique sectors to diversify bond ladders and concentrated portfolios.

Yield curve strategies—Take advantage of changes in the shape of the yield curve.

Credit spread strategies—Use credit or Treasury ETFs to express a view on the health of the economy and corporate earnings.

The 'perpetual ladder'—Maintain a targeted investment/portfolio over time.

Adjust duration—Shorten or lengthen your fixed income portfolio's duration.

Income—Invest for potential additional income and efficiently diversify income sources (yields available on www.iShares.com).

Trading flexibility

iShares Fixed Income ETFs may provide the opportunity to better manage risk:

- Own an entire market in a single transaction
- No investment minimums
- Place stop and/or limit orders
- Sell short, even on a downtick[1]
- No round lot purchase necessary
- Options available on many ETFs

The benefits of iShares fixed income ETFs

Low expenses—Expenses can adversely affect fund performance, especially within fixed income.

Close tracking to major benchmarks—Provides exposure and avoids unintended style drift.

Close tracking to NAV—Premiums and discounts mitigated by ETF structure.[2]

Ease of use—Own a sector with one trade and no investment minimums.

Institutional pricing—BGI's size and market presence provides leverage to negotiate lower transactions costs.

BGI's fixed income expertise and experience

iShares ETFs are managed by Barclays Global Investors (BGI), which has over $1.6 trillion in assets under management. BGI has managed fixed income index funds since 1984, with $476 billion under management globally, including almost $60 billion in active fixed income.[3]

1. With short sales, you risk paying more for a security than you received from its sale. There are special risks associated with margin investing. As with stocks, you may be called upon to deposit additional cash or securities if your account equity, including that which is attributable to iShares Funds, declines.
2. Although BGI believes that market makers will take advantage of differences between the NAV and the trading price of iShares Fund shares through arbitrage opportunities, BGI cannot guarantee that they will do so.
3. BGI as of 9/30/06.

The Evolution of ETFs and How to Use Them Wisely

Since the first ETF was introduced in 1993, the industry has grown significantly, and indexing has moved beyond the S&P 500—now tracking a wide variety of sector-specific, country-specific and broad-market indexes. ETFs invest in a variety of assets, including large company stocks, small company stocks, international stocks, real estate investment trusts, and many more asset classes. These investment vehicles offer a simple way for investors to allocate long-term investments in the market performance of industry leaders.

ETFs can be an effective tool for implementing many investment strategies for all types of investors, both individuals and institutional. They allow individual investors to obtain the economies of scale that large fund managers enjoy, which the average person would not be able to produce with a small amount of capital. ETFs are easy to obtain, easy to track, inexpensive, and tax efficient; as well, they offer diversification and flexibility, allowing them to be adapted to suit multiple objectives.

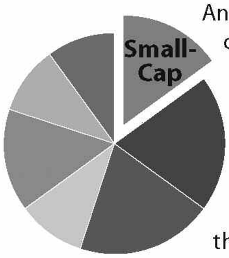
Investing Strategies Using ETFs

The benefits of investing in ETFs can be enhanced when using them strategically. Many investors have had success using ETFs under different scenarios:

Asset Allocation

ETFs provide a sophisticated means to efficiently gain exposure to market segments encompassing a wide range of asset classes, market capitalizations, styles and sectors. ETFs have made it possible for all investors to build tailored investment portfolios consistent with their financial needs, risk tolerance and investment horizon.

Portfolio Completion



An investor can use ETFs to fill a missing asset class in their allocation. Many investors find they might not have adequate exposure to certain sectors or market capitalization ranges. If, for example, a portfolio was underweighted in small-cap companies, an investor could purchase an ETF to gain the proper degree of exposure dictated by that investor's asset allocation plan.

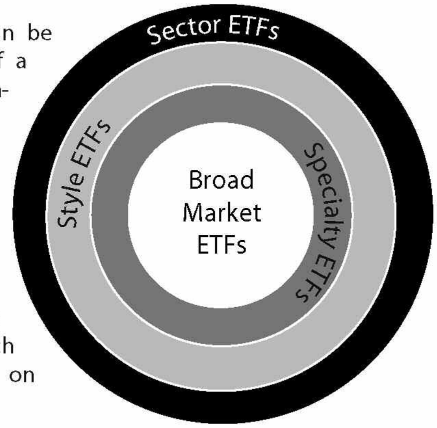
Risks

An ETF's shares will change in value, and the value of the shares will fluctuate with the index. An investment in a fund involves risks similar to those of investing in any fund of equity securities traded on exchanges, including the risk that a particular stock owned by a fund, fund shares, or stocks in general may fall in value. Investors who sell shares may receive less than the share's net asset value.

Core & Satellite Portfolio Structure

The strategy of investing in broad-based assets that provide market matching returns as a core component in a portfolio, enhanced by satellite positions that are concentrated in specific market segments, has been part of asset allocation plans for decades. This strategy considers tolerance for risk and allows an investor to actively tailor investments based on a specific asset allocation plan. With the wide variety of ETFs available today, investors can use ETFs effectively as both core and satellite components.

Broad-based ETFs can be used as the core of a portfolio and are complemented by sector, style or other specialty ETFs that are used for the satellite assets. And because of the ETF structure, investors are able to make changes easily which has a direct impact on risk management.



Risk Management and ETFs

Diversification

Diversification is a risk-management practice that combines a variety of investments within a portfolio in an effort to reduce the overall volatility of the portfolio. Because ETFs provide broad exposure to an entire asset class, they can be used to efficiently mitigate the risk of being overexposed to any one company or area of the market.

Hedging

ETFs have opened up risk management strategies for individual investors that were once available only to large institutions. They can be purchased on margin and sold short, even on a downtick, providing maximum trading flexibility. Listed options are available on some ETFs and offer opportunities for additional hedging or to increase income.

For more information about ETFs, contact First Trust Portfolios L.P. at 866-848-9727.

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You should consider a fund's investment objectives, risks, and charges and expenses carefully before investing. To obtain a prospectus which contains this and other information about a fund, contact First Trust at 1-866-848-9727. Read it carefully before you invest.