

Karpus Investment Management

Specialty Tax Advantaged Fixed Income



Mid Year 2010 Profile

Overview

The Tax Advantaged Fixed Income product is a highly diversified active fixed income strategy that invests primarily in tax-exempt securities using Closed-End Funds. Current return, long term capital gains and harvesting tax losses are emphasized. The Morningstar Municipal Bond Mutual Fund Average is the typical benchmark, though other appropriate indices may be used. We have produced superior returns (top quartile) over market cycles with generally lower risk than other tax-exempt fixed income managers. Specialized investment professionals use proprietary research and trading technology to exploit systematic market inefficiencies primarily in closed-end funds. This strategy strives to be fully invested at all times with modest sector weightings (over/under) versus its benchmark.

Philosophy

We believe in providing our clients with top quartile returns with generally lower risk relative to other tax-exempt fixed income managers over market cycles. This is accomplished by employing extensive diversification of assets, and asset classes by purchasing closed-end funds that are selling at an attractive discount.

Process

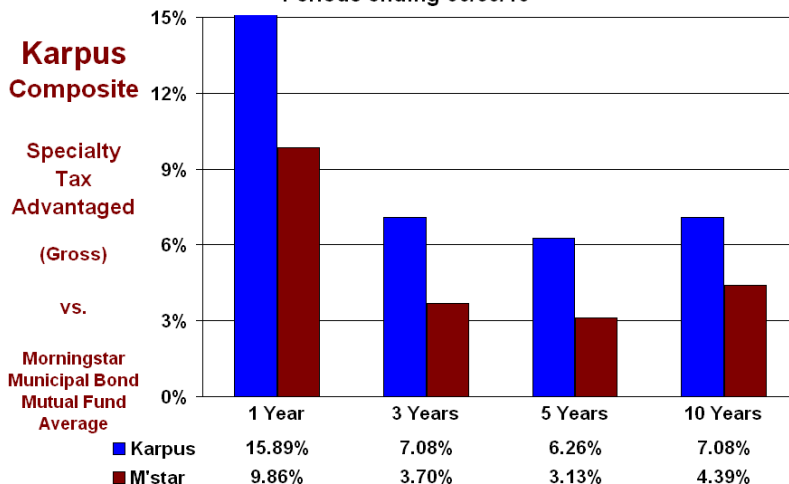
The primary source of added value for the Tax-Advantaged Fixed Income product is security selection using primarily closed-end funds with a top-down and bottom-up approach. Risk is monitored with regard to interest rate sensitivity, credit quality, liquidity diversification, event and sector risk.

Purchases: The portfolio managers/analysts initially evaluate the domestic market regarding the economic strength, interest rates, currency and other macroeconomic factors. A narrow range of sector weightings, duration and credit quality is then determined. Specific securities (typically closed-end funds) within these markets are studied relative to current versus historical valuations. This process results in a finite, approved list of eligible investments. The portfolio manager then ultimately selects from this list to create and maintain a portfolio within client guidelines. Closed-end funds are selectively purchased when discounts to Net Asset Value are historically wide.

Sales: When selected closed-end funds become less attractive fundamentally or open-end mutual funds and individual issues offer superior style or diversification, assets will be reallocated to these areas that track appropriate market indices.

Annualized Returns

Periods ending 06/30/10



NOTE: Karpus is ranked within the top 10 percentile of the PSN Municipal Fixed Income Database 1, 3, 5, and 10 years.

- Current Yield: 3.40%
- Average Credit Quality: AA+
- Weighted Duration: 5.10 Years

Calculated by Advent Software as of 6/30/10.

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Highlights

- Independent employee-owned firm
- Founded and registered with SEC in 1986
- About \$1.8 billion assets under management
- Transparency
- Largest manager of U.S. closed-end funds
- Proven generator of significant “Alpha”
- Reasonable fees for superior returns
- Liquidity
- Top quartile returns over market cycles
- Downside protection characteristics
- Extreme diversification nationally and by management style
- Portfolios are individually managed, can be customized and are transparent

Annual Returns (gross) Ending 12/31

	YTD 6/30/10	2009	2008	2007	2006	2005	2004
Karpus Specialty Tax Advantaged Fixed Income	4.77%	29.82%	-10.57%	2.40%	7.93%	3.49%	1.68%
Morningstar Municipal Bond Fund Average	2.96%	15.80%	-7.55%	1.61%	4.26%	2.71%	3.24%

Annualized for Periods (gross) Ending June 30, 2010

	One Year	Three Years	Five Years	Ten Years
Karpus Specialty Tax Advantaged Fixed Income	15.89%	7.08%	6.26%	7.08%
Morningstar Municipal Bond Fund Average	9.86%	3.70%	3.13%	4.39%

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Performance Results – Tax-Sensitive Fixed Income Composite

June 30, 2000 through June 30, 2010

Year	Composite Total Return (%) (Net) 6/30*	Benchmark Total Return (%) (Net) 6/30*	Number of Portfolios	Composite Dispersion (%)	Total Assets (\$ millions)	Percentage of Firm Assets	% of Non- Fee-Paying Accounts	Total Firm Assets (\$ millions)
2010	15.00	9.90	124	1.37	183.3	9.9	0.0	1856
2009	3.69	0.29	121	1.81	139.0	9.0	0.0	1546
2008	0.62	1.01	101	1.20	125.1	8.1	0.0	1545
2007	6.93	4.01	84	1.37	112.6	8.1	0.0	1390
2006	1.44	0.69	85	0.54	95.8	8.4	0.0	1142
2005	7.73	6.58	79	2.02	111.4	10.8	1.6	1032
2004	-3.58	0.28	70	0.93	103.7	11.9	0.0	868
2003	10.36	7.16	73	0.95	89.3	11.5	0.0	774
2002	9.55	5.70	50	0.89	55.8	8.5	0.0	656
2001	11.67	8.79	45	1.25	47.7	9.0	0.0	530

* Trailing 1 Year Returns Ending 6/30.

Karpus Investment Management has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®). The CFA Institute has not been involved with the preparation, review, or approval of this report.

Notes:

- 1) Karpus Investment Management is an independent investment management firm founded in 1986. It is not affiliated with any parent organization. It provides balanced, equity, fixed income and cash management for individuals and institutional clients.
 - 2) Total Assets and Total Firm Assets are as of 6/30. Rate of return figures are for periods ending on 6/30.
 - 3) Valuations and returns are computed and stated in U.S. dollars.
 - 4) Rate of return figures reflect the reinvestment of all dividends, interest and other income.
 - 5) Composite total return figures are annualized (geometrically linked) monthly time-weighted returns.
 - 6) The dispersion of composite annual returns is measured by the standard deviation of net returns of the portfolios in the composite. These returns are the annual time-weighted returns of those composite component portfolios that existed in the composite for the entire calendar year period.
 - 7) Performance results are net of management fees and transaction costs. Figures are also net of custodial fees for accounts custodied at U.S. Bank. Such accounts currently comprise approximately 67% of the assets under management for the firm. Clients directing the use of other (“outside”) custodians are responsible for custody fees and pay them either directly from the account or separately. For these portfolios, the stated returns are gross of custodial fees.
 - 8) The annual management fee schedule is as follows: 1.25% on the first \$1 million of market value, 1.05% on the next \$1 million, 0.90% on the next \$3 million, 0.80% on the next \$5 million, 0.70% on the next \$10 million, and 0.60% on the balance over \$20 million.
 - 9) This composite was created on January 1, 1993.
 - 10) The benchmark returns are those for the Morningstar Municipal Bond Fund Benchmark. The performance figures given for the Morningstar benchmark have been adjusted by KIM in order to remove the survivor bias from the historical data.
 - 11) The minimum portfolio size for this composite is \$100,000. The minimum was \$250,000 prior to October 1, 1996.
 - 12) Due to the use of preliminary pricing for an investment partnership, returns may change slightly upon receipt of audited prices.
 - 13) In order to value closed-end fund auction rate preferred securities, Karpus Investment Management used a monthly weighted average valuation provided by an independent third party; which operates, to our knowledge, the largest secondary market for auction rate securities. Effective 11/30/2008, Karpus Investment Management decided to change the method of pricing auction rate preferred securities due to the large price range at which different issues were trading. Karpus Investment Management now prices auction rate preferred securities based on the last transaction price of each specific issue.
 - 14) Additional information regarding policies for calculating and reporting returns is available upon request.
- A complete list and description of all of the firm's composites is available upon request.