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Auction Rate Preferred Summary

Alexander Reiss **(212) 407-0527** **reissa@stifel.com**

We are writing this note to keep investors and their advisors informed of the effort being undertaken by the various issuers of Auction Rate Preferred Securities (ARPS). In addition we have added commentary about the recent statements attributed to representatives of the SEC on the subject.

Under normal circumstances the ARPS market works to bring buyers and sellers of these securities together. When imbalances have occurred in the past, specifically a situation where more sellers than buyers enter the auction, the excess securities were typically absorbed by the broker-dealers structuring the auctions. In the past six weeks, the vast majority of these auctions failed to produce enough buyers for the number of investors wishing to liquidate their preferred share holdings. The broker-dealers that had previously acted as a backstop chose not to absorb the excess inventory, resulting in failed auctions.

When ARPS auctions fail, the investors that hold the securities are given a rate specified in the prospectus of the securities. These rates are usually higher than the auction rates would otherwise have been. We believe it extremely important for investors to recognize that a failed auction is **not** a default. Because of the high collateralization rates of the ARPS, we believe that the potential risk to an investor's capital is exceptionally low.

The following information will highlight some of the information from press releases, conference calls and other commentary from ARPS issuers in the past few weeks.

Aberdeen

The Aberdeen Global Income Fund (FCO) redeemed $30 million in outstanding Auction Rate Preferred securities on March 13, 2008. The fund was the first asset management company to redeem ARPS.

The Aberdeen Asia Pacific Income Fund (FAX) has entered into the process of redeeming its entire $600 million ARPS position. The fund began the redemption process on April 22, 2008, and will continue to redeem all series of the fund's ARPS by May 13, 2008. Upon conclusion, Aberdeen will have redeemed its entire ARPS leverage facility at par.

Nuveen

Nuveen announced on March 12 that they are progressing with plans to refinance their Auction Rate Preferred Securities (ARPS). Nuveen's 13 taxable funds' ARPS will likely be replaced with bank loans. They have signaled their intention to announce specific ARPS refinancing terms and timetables by the end of March.

Nuveen proposed that its 87 municipal funds' ARPS be replaced with a new type of preferred stock. Called a Variable Rate Demand Preferred (VRDP), it would be a similar structure to the current ARPS but would contain a put feature. A put feature would offer two main benefits, in our opinion. First, it would provide a liquidity backstop should failed auctions occur. Second, it would likely make the securities money market eligible. The entry of money market funds in the market could be an important source of liquidity for closed-end funds in the future. It is important to note that the put commitments for the VRDPs are not yet in place. Even if the puts are successfully obtained, the redemption process would likely take months to be completed as we calculate there are currently billions worth of ARPS outstanding.

On April 1, 2008, Nuveen announced that four of its taxable funds would refinance $714 million of their ARPS. The four funds are the Nuveen Multi-Strategy Income and Growth Fund (JPC), the Nuveen Real Estate Income Fund (JRS), The Nuveen Tax-Advantaged Dividend Growth Fund (JTD) and the Nuveen Tax-Advantaged Total Return Strategy Fund (JTA). The entire $36 million of JTD's ARPS was redeemed on April 23, 2008.JPC began the process of redeeming $450 million of a total of $708 million of its ARPS on April 24, 2008. The process will conclude on April 30, 2008. JRS will begin the process of redeeming $150 million of a total of $222 million of its ARPS on April 25, 2008. The process will conclude on May 1, 2008. JTA will redeem $78 million of a total of $123 million of its ARPS on April 28, 2008.

On April 16, 2008, Nuveen announced that the Nuveen Multi-Strategy Income and Growth Fund 2 would refinance $640 million of the fund's $965 million ARPS. The redemption process will begin on May 6 and end on May 12, 2008.

All of Nuveen's ARPS that have been redeemed have been redeemed a par.

Eaton Vance

Eaton Vance announced on March 10 that they had secured financing sufficient to redeem the Auction Rate Preferred Securities on three of their equity closed-end funds. The Eaton Vance Tax Advantaged Dividend Income Fund (EVT) redeemed $700 million of ARPS between March 31 and April 23, The Eaton Vance Tax Advantaged Global Dividend Income Fund (ETG) redeemed $750 million of ARPS between April 1 and April 14, and The Eaton Vance Tax Advantaged Global Dividend Opportunities Fund (ETO) redeemed $145 million of ARPS between April 1 and April 23, 2008.

On April 11, 2008, the Eaton Vance Floating-Rate Income Trust (EFT), the Eaton Vance Senior Floating-Rate Trust (EFR), the Eaton Vance Credit Opportunities Fund (EOE) and the Eaton Vance Limited Duration Income Fund (EVV) announced that they would redeem approximately two-thirds of their outstanding ARPS. EFT will redeem $290 million of outstanding ARPS, EFR will redeem $262.7 million of outstanding ARPS, EOE will redeem $54.175 million of outstanding ARPS, and EVV will redeem $533.375 million of outstanding ARPS. The total value of the ARPS being redeemed by the four funds is $1.14 billion. The funds will redeem the preferred shares as of their next dividend payable date on or after May 1, 2008.

On April 23, 2008 three of Eaton Vance's municipal bond funds announced that they would partially redeem between 55% and 65% of their outstanding ARPS. The Eaton Vance Insured Municipal Bond Fund (EIM), the Eaton Vance Insured California Municipal Bond Fund (EVM), and the Eaton Vance Insured New York Municipal Bond Fund (ENX) will collectively redeem $580 million of ARPS. The replacement financing is being provided by the creation of Tender Option Bonds (TOBs).This structure requires the fund to transfer highly rated bonds to a special purpose trust that in-turn issues two separate classes of interests, short-term floating and residual. The short-term floating rate interest pays a weekly determined rate based on a short-term municipal benchmark. The residual securities pay the difference between the rate of interest earned by the TOBs holdings, and the short-term floating rate interest plus the TOB's expenses back to the fund which is in-turn used to purchase more bonds effectively leveraging the find. Eaton Vance has scheduled a conference call on April 25, 2008 to discuss the new arrangement.

All of Eaton Vance's ARPS that have been redeemed have been redeemed a par.

Evergreen

Evergreen announced that they would partially redeem the Auction Rate preferred Securities issued by their funds. Although Evergreen cited possible regulatory, legal and shareholder voting issues still to be resolved, they are confident that progress is being made. Evergreen has not stated publicly what percentage of the ARPS will be redeemed, only that it will be material. The ARPS are expected to be redeemed on a pro rata basis using multi-seller commercial paper conduits.

We expect the ARPS shares discussed above to be redeemed at par.

ING

ING announced on March 12 that they will partially redeem their Auction Rate Preferred Securities on two of their real estate closed end funds. The redemption will be funded from existing bank credit lines.

The boards of directors of the ING Clarion Global Real Estate Income Fund and the ING Clarion Real Estate Income Fund have approved the redemption of a combined $240 million in Auction Rate Preferred Securities. The redemptions were completed at the auction beginning April 1, 2008.

First Trust

On April 3, 2008, the First Trust Energy Income and Growth Fund (FEN) had secured financing to replace the fund's series A notes. The redemption was completed on April 18, 2008 and totaled approximately $34 million. The fund's series B notes are still outstanding and are valued at $25 million. Fitch ratings affirmed that the series B notes are rated AAA. First Trust has commented since that they are working to find solutions for the remaining ARPS shareholders of their funds.

The FEN series A notes were redeemed at par.

Gabelli

On April 1, 2008, the board of directors of the Gabelli Convertible and Income Securities Fund has authorized the filing of a shelf registration of up to $100 million. The board has agreed in principal to redeem the fund's Auction Rate Preferred Securities once the shelf registration is declared effective. The fund currently has approximately $25 million in outstanding ARPS.

Calamos

On April 23, 2008, Calamos Investments announced that they will refinance 81.5% of the outstanding ARPS of the Calamos Strategic Total Return Fund (CSQ) and all of the outstanding ARPS of the Calamos Global Total Return Fund (CGO). The aggregate $939 million in refinancing represents 41% of all outstanding Calamos ARPS. Although Calamos did not specify a specific time frame that the ARPS would be refinanced, they indicated that redemption notices would be provided over "the next several days". In addition, the company indicated that they are aggressively pursuing a resolution of the ARPS issue for their 3 remaining funds. Calamos believes that they are in the advanced stages of negotiations with potential lenders.

Calamos has scheduled a conference call on April 28, 2008 to discuss the new arrangement. We expect the Calamos ARPS discussed above to be redeemed at par.

Claymore

Claymore Securities issued a press release on March 20 to announce that they have been evaluating several potential options which may be used in the future to refinance the Auction Rate Preferred Securities.

Although no specific timeframe was discussed in the release, Claymore has said that they are actively evaluating the feasibility of using bank financing, lines of credit, commercial paper conduits, and repurchase agreements. In addition, they like many other issuers are looking to develop a structural change to the ARPS which would allow money market investors to access the market. Commonly referred to as 2a-7 compliant securities, they would include a put option to enhance liquidity. This method would be similar to the VDRP approach being pursued by Nuveen.

Allianz

On March 24, Allianz Global Investors said in a press release that they are working to address the illiquidity of ARPS issued by both their taxable and municipal closed-end funds. Similar to the efforts at Nuveen and Claymore, Allianz is exploring the feasibility of making ARPS eligible for purchase by a broader institutional audience, in particular money market funds via the addition of a put. Also being considered is debt financing or other forms of leverage to replace all or a portion of the ARPS. Allianz noted that the use of debt financing may be a viable option for taxable closed-end funds, it is not likely practical for municipal closed-end funds. Debt financing may be prohibitively expensive due to the taxable nature of the interest.

Cohen and Steers

In a press release on April 7th, Cohen and Steers reiterated that senior management has been working closely with all industry participants to help bring liquidity back to their preferred shareholders. Cohen and Steers is in the process of arranging lines of credit for its funds and is exploring other alternative financing methods including new classes of preferred stock and commercial paper as well. These include both commercial paper and new forms of preferred stock. As with other fund companies, the timing of any refinancing is uncertain.

Dreyfus

In a press release dated April 7, 2008, Dreyfus said that it is continuing to evaluate options to address the failures in their fund's ARPS auctions. They note that they are working on a VRDP solution similar to that of Nuveen. They cited issues as have other asset managers of satisfaction of legal and regulatory requirements, the ability to obtain put commitments at reasonable cost, and willingness of money market funds to purchase the new securities.

Van Kampen

On April 15th, Van Kampen announced that the Van Kampen Senior Income Trust (VVR) will redeem $350 million of the $700 million in outstanding ARPS on a pro rata basis. Van Kampen expects redemption notices to be issued in the next several days. They further expect the initial redemption process to be complete by May 30, 2008.

The Van Kampen Senior Income Trust ARPS will be redeemed at par.

John Hancock

On April 4th, John Hancock Funds issued a press release that detailed some of the efforts they are making to resolve the liquidity crisis among their Auction Rate Preferred Securities. In addition to exploring the possible use of debt to refinance their ARPS, John Hancock Funds are also exploring the use of preferred shares with a put option. In the press release, Keith Hartstein, the President and CEO of John Hancock remarked that "Every business day and many weekends since mid-February there have been meetings, teleconferences, negotiations or other discussions of potential solutions and their ramifications. In addition to participating in teleconferences and in-person meetings with officials from the Investment Company Institute, the Securities and Exchange Commission and the Federal Reserve, we have also held internal discussions and briefings at the highest levels of both John Hancock and our parent company, Manulife Financial." He went on to say that although legal regulations prohibit him from making any specific details public, "...we believe we are closed to resolving this unprecedented disruption in liquidity for John Hancock Funds' auction rate preferred shareholders".

BlackRock

BlackRock issued a press release on March 17 to announce that they intend to restructure approximately $1.9 billion of the leverage used by certain BlackRock taxable and municipal funds. BlackRock will use a combination of credit lines, reverse repurchase agreements, and TOBs in the process.

Four of the five taxable funds will redeem approximately $685 million or 50% of their outstanding ARPS. They are the BlackRock Preferred Opportunity Trust (BPP), The BlackRock Preferred and Equity Advantage Trust (BTZ), the BlackRock Preferred and Corporate Income Strategies Fund (PSW), the BlackRock Preferred Income Strategies Fund (PSY).

The BlackRock Global Floating Rate Income Trust (BGT) will redeem approximately $185 million or 76% of its outstanding ARPS. .

BlackRock also signaled their intention to partially redeem ARPS of their various municipal funds. BlackRock will utilize TOBs to refinance approximately $1 billion of outstanding ARPS. BlackRock believes that the redemption will be approximately 14% of the total outstanding municipal fund ARPS. They expect to be able to include more detailed information about specific tax-free ARPS issues and timelines by early June, 2008.

All BlackRock ARPS discussed are expected to be redeemed at their par value.

The SEC

In a recent interview, Douglas Scheidt of the Securities and Exchange Commission revealed that the SEC will likely issue a no-action letter "sooner rather than later" to clear the approval of the VRDP security discussed above. The issuance of VRDPs would in our opinion be beneficial in the quest to resolve the liquidity issues that have confronted the ARPS market in recent months. Therefore, the consent of the SEC in this matter is a important step in our opinion.

The SEC defines the circumstances in which a no-action letter may be issued as "An individual or entity who is not certain whether a particular product, service, or action would constitute a violation of the federal securities law may request a "no-action" letter from the SEC staff. Most no-action letters describe the request, analyze the particular facts and circumstances involved, discuss applicable laws and rules, and, if the staff grants the request for no action, concludes that the SEC staff would not recommend that the Commission take enforcement action against the requester based on the facts and representations described in the individual's or entity's original letter. The SEC staff sometimes responds in the form of a no-action letter to requests for clarification of the legality of certain activities."

Conclusion

While we believe that steps toward a resolution to the ARPS liquidity crisis are being taken by virtually all issuers of closed end funds, we advise investors and advisors that we are not "out of the woods" yet. We plan to continue to monitor developments and provide information as it is made available.

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Stifel, Nicolaus & Company, Inc.
One South Street
16th Floor
Baltimore, Md. 21202

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