



Taxable Fixed-Income Funds (TFI)

- Fixed-Income Fund Sectors:
 - Investment Grade Corporate
 - High Yield Corporate
 - Emerging Market Debt
 - Global Bond
 - Multi-Sector Bond
 - Preferred Stock
 - REITs
 - Senior Loans
 - US Gov't/Mortgage-Backed Securities
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Taxable Fixed-Income Funds

- 185 taxable fixed-income funds*
 - 140 utilize a leveraging strategy
 - Approximately 1/3 (excluding senior loans funds) have confirmed the use of interest rate swaps to lock-in a portion of leveraging costs
 - Percent locked-in ranges from 2% - 100%
 - Approximately 1/3 had their IPO within the past 3 years
 - 58% of these newer funds have confirmed the use of interest rate swaps
 - 45 funds do not utilize leverage
 - Fund with latest inception date was 1995



High Income Model

- 15 diversified taxable fixed-income funds

Sector Allocations			
HY Corporate	19.0%	Preferred	13.0%
Multi-Sector	17.5%	US Gov't/MBS	7.5%
Senior Loan	15.5%	REIT	7.5%
Global Bond	15.0%	Emerging Market	5.0%



High Income Model

- Weighted Avg. Prem/Disc: -4.14%
- Weighted Avg. Yield: 8.39%

	YTD	April 2004	12-month
All Taxable Funds	-5.18%	-8.95%	3.74%
High Income Model	-3.18%	-8.68%	8.93%
Difference	+200 bps	+27 bps	+519 bps

All data as of 5/31/04, unless noted otherwise