

Long-Term Income Units

Objective

The MGAM Long-Term Income Units discipline seeks to deliver a high level of taxable or tax-free coupon income through fixed maturity investments with a secondary objective of capital appreciation.

Investment Philosophy

MGAM Long-Term Income Units seek to achieve the objective by selecting primarily investment grade and high yield fixed maturity investments of various durations at attractive discounts to maturity/par value with current yields. The discipline may achieve this across a variety of fixed income assets including, but not limited to:

- Tax-exempt or taxable municipal bonds (both revenue and general obligations)
- Fixed income mutual funds, managers or exchanged traded funds (including below investment grade bank loan and commercial paper)
- US Treasuries
- Tax-exempt or taxable zero Coupon Bonds
- Money market funds
- Debt of international or US corporations (including senior unsecured obligations)

Risks

The discipline will experience exposure to the following risks:

- Market
- Issuer/Credit
- Reinvestment
- Duration
- Interest Rate
- Call
- Liquidity

Benchmark

The benchmark is a blend of 50% of the S&P Municipal Bond Index (SAPIMAIN), 25% of the Barclays Aggregate Bond Index and 25% of the S&P Taxable Municipal Bond Index (SPMUTT).

Risk Disclosures

General Risks

Reinvestment/Call Risk

If interest rates fall, callable security issuers may call or prepay their securities before maturity, causing our investment strategy to shift towards reinvesting proceeds in securities with lower interest rates and reducing potential income.

Market Risk

General stock market fluctuations and volatile increases and decreases in value as market confidence in and perceptions of the issuers change. Investor perceptions can be based on various and unpredictable factors including expectations regarding government economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction and political climates. The value of any security can rise or fall and when liquidated may be worth more or less than the original investment.

Interest rate risk

Refers to a rise in interest rates will cause the value of investments to decline and or experience heightened volatility and reduced liquidity through national or international governmental policy changes.

Credit Risk

Refers to an issuer's ability to meet its obligation to make interest and principal payments, or a decline in the market's assessment of the issuer's ability to pay. This may trigger the lowering or removal of the issuer's credit rating. Generally, lower rated securities provide higher current income but are considered to carry greater credit risk than higher rated securities.

Liquidity Risk

Refers to the fact that the investment strategy may hold illiquid securities that is may be unable to sell at the preferred time or price and could lose its entire investment in such securities.

Other Risks

All or a portion of the disciplines otherwise tax-exempt income may be subject to the federal alternative minimum tax.

Municipal securities have the risk that legislative or economic conditions could affect an issuer's ability to make principal and/or interest payments.

The value, interest rates, and liquidity of non-cash paying instruments, such as zero coupon and pay-in-kind securities, are subject to greater fluctuation than other types of securities.

Investment-Specific Risks

Price Risk

MGAM may purchase shares of closed-end investment funds that frequently trade at a discount from their net asset value. Shares at any point in time may be worth less than the original investment, even after taking into account the reinvestment of dividends and distributions.

Leverage Risk

MGAM may purchase shares of closed-end investment funds and the risk of higher share price volatility and the cost to a fund of its leveraged capital, such as preferred stock or debt, will exceed the earnings on the related assets.

Tax Risk

MGAM may purchase shares of closed-end investment funds and the tax treatment of Fund distributions may be affected by IRS interpretations of the Internal Revenue Code and future changes in tax laws and regulations, including changes resulting from the "sunset" provisions that may apply to the favorable tax treatment of tax-advantaged dividends. There can be no assurance as to the percentage of a Fund's distributions that will qualify as tax-advantaged dividends.