



Dear Customer:

May 15, 2006

We are sending you this letter to provide an update on our efforts at Matrix Settlement & Clearance Services, LLC ("Matrix") regarding our compliance and business efforts as they relate to Securities and Exchange Commission Rule 22c-2, under the Investment Company Act of 1940 ("Rule 22c-2"). We are also writing to share with you our active involvement in helping shape an important amendment to Rule 22c-2, that will allow Matrix to "step up to the plate" and play an active role in satisfying the mutual fund's agreement requirements and alleviate this agreement burden for you.

Fund Agreements:

Rule 22c-2 requires that fund companies execute shareholder information agreements with the Financial Intermediaries who are servicing omnibus accounts, including retirement plan accounts, in order to make certain that Financial Intermediaries have procedures to assist the fund companies with identifying frequent trading violations.

As originally written, Rule 22c-2 did not address "chain of intermediary situations" such as Matrix submitting purchase or redemption orders to the mutual fund company because it did not include Matrix in its definition of "Financial Intermediary." Proceeding without a revision to this definition would force all of our customers to execute new shareholder information agreements with each of the mutual fund companies they do business with.

In March of 2005, Matrix's General Counsel, Cindy Dash, alerted the Investment Company Institute's General Counsel, Tammi Salmon, to our concern and took the lead in a campaign currently underway to change the definition of Financial Intermediary within Rule 22c-2 to include any person that, on behalf of a Financial Intermediary, submits purchase or sales orders directly to the fund. Attached is the comment letter sent to the SEC by Cindy Dash for your reference and review. The ICI, representing the mutual fund industry, also followed with a similar comment letter and we are confident that with their support this change will be adopted eliminating the need for many of our customers to execute separate fund agreements to comply with Rule 22c-2. While it is possible a small number of fund companies will require separate agreements with the ultimate omnibus account custodian or retirement plan recordkeeper, this change will still save a great deal of time and cost.

Data Reporting Requirements:

Rule 22c-2 is scheduled to go into effect on October 16, 2006. Upon implementation, fund companies must request from Financial Intermediaries certain underlying detail from trades processed in omnibus accounts including retirement plan accounts either on a periodic basis or when they determine that omnibus trade activity may violate fund restrictions on short term trading. At Matrix, communicating with the fund companies via National Securities Clearing Corporation ("NSCC") is our expertise and we have already reviewed the standardized record

layouts recently made available from NSCC in support of both receiving requests for information from the fund companies and reporting data back to the funds. In the case of all requests that will be received by Matrix from the funds for accounts that Matrix acts as trading agent, the data required in response to remain in compliance with Rule 22c-2 resides within our customer systems, i.e. within a trust accounting system in the case of our bank or trust company customers or in a retirement plan recordkeeping system in the case of our TPA customers. At this time, we expect that the system vendors supplying these applications, as is typically the case when regulatory mandates involve new reporting requirements, will make the necessary enhancements for users to comply with the data reporting required under Rule 22c-2.

At Matrix, in addition to alerting specific customers when funds are requesting underlying data on trade activity within accounts our customers service, we will provide for electronic delivery of this information to the funds via NSCC.

Meeting the Data Reporting Challenge:

As the October 2006 deadline comes closer for the implementation of Rule 22c-2, we will test the standardized data reporting formats released by the NSCC. At that time, we will communicate with you again our plans for retrieving the necessary data from you and submitting that to the funds on your behalf. As you may know, a number of industry groups such as SPARK have requested an extension for the implementation of Rule 22c-2. In the event that the SEC grants an extension for the implementation of Rule 22c-2, we will be prepared well in advance to meet the revised deadline by continuing to operate under the October, 2006 deadline.

You are likely to soon begin hearing from your system vendors, or for cases of proprietary system users your internal technology groups, how the data requirements to comply with 22c-2 will be extracted from your systems and made available to firms such as Matrix for reporting to the fund companies. We would like to hear from you at any time if you believe Matrix could provide assistance in extracting the necessary data to meet the Rule's reporting demands either at the time of the request or on an ongoing basis.

Future Updates:

We will be providing you with occasional updates regarding Rule 22c-2 via webcast presentations viewable from our website leading up to October 16, 2006.

Also, at our conference this summer in Keystone, CO (Aug 13th – 16th) we will feature a Rule 22c-2 panel discussion including: Robert Bagnall, Partner Wilmer Cutler & Pickering, Phil Feigin, Rothgerber Johnson & Lyons, LP, Tammi Salmon, General Counsel at the ICI, and Cindy Dash, Matrix' General Counsel. We look forward to seeing you there and to addressing any questions you may have in the meantime.

Regards,

John Moody
President

Cliff D'Amato
Chief Executive Officer