Internal Revenue Service

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LEGEND

Fund 1 =

Fund 2 =

Adviser =

Country =

Index =

Total Return Index =

Excess Return Index =

Total Return Subindex =

Excess Return Subindex =

a =

b =

c =

d =

e =

f =

g =

h =

i =

k =

Dear :

This responds to your request dated January 29, 2008, and supplemental correspondence submitted by your authorized representative on behalf of Fund 1 and Fund 2 (each a “Fund,” and collectively, the “Funds”). Funds request that the Internal Revenue Service rule that 1) income and gain arising from the commodities-linked notes described in this letter constitute qualifying income under section 851(b)(2) of the

Internal Revenue Code ("Code"), and 2) income derived from the ownership of a wholly-owned subsidiary that is a controlled foreign corporation constitutes qualifying income for purposes of section 851(b)(2).

FACTS

Funds are registered as investment companies under the Investment Company Act of 1940, 15 U.S.C. § 80a-1 et seq., as amended (the "1940 Act"). Fund 1 will elect to be taxed as a regulated investment company ("RIC") under Subchapter M of the Code. Fund 2 has elected to be taxed as a RIC under Subchapter M of the Code. Each Fund is operated as an open-end management company. The investment adviser to the Funds is Adviser.

Fund 1 will seek to achieve investment results that correspond to the total return of Index. To gain exposure to the various components of Index, Fund 1 may invest in futures contracts, exchange traded funds, forward foreign exchange contracts, commercial paper, total return swaps, commodity structured notes, credit swaps, fixed income securities, U.S. government securities, corporate debt obligations, bank obligations, zero coupon bonds, variable and floating rate securities, foreign securities, currency swaps, mortgage swaps, options on swaps, index swaps, interest rate swaps, interest rate caps, interest rate floors, equity swaps as well as other investments.

Fund 2's investment objective is to achieve long-term total return and it has significant exposure to the commodities markets' performance by investing in commodity-linked investments. Fund 2 may invest in futures contracts, exchange traded funds, forward foreign exchange contracts, commercial paper, total return swaps, commodity structured notes, credit swaps, fixed income securities, U.S. government securities, corporate debt obligations, bank obligations, custodial receipts, trust certificates, zero coupon bonds, deferred interest bonds, pay-in-kind bonds, capital appreciation bonds, municipal securities, mortgage-backed securities, asset-backed securities, variable and floating rate securities, foreign securities, currency swaps, mortgage swaps, options on swaps, index swaps, interest rate swaps, interest rate caps and floors, equity swaps as well as other investments.

Commodity-Linked Notes

Funds intend to invest in commodity-linked notes having the terms and conditions of the following notes (the Notes). The first note (Note 1) will be issued to a Fund at par value of $a with a term of b months. Its payout formula will be determined by reference to the Total Return Index. A Fund, as holder of Note 1, has the right to put Note 1 to the issuer for redemption at any time before maturity. In addition, if on any day the Total Return Index falls to a level that is c% or less of the beginning Total Return Index value at the time Note 1 was acquired, Note 1 will "knockout" and automatically redeem based on the closing Total Return Index value on the next day.

The repayment obligation upon early redemption, knockout, or maturity equals the face amount of Note 1 plus or minus the following adjustment. To calculate the adjustment, the face amount of Note 1 is multiplied by (A) a leverage factor of d, and by (B) the percentage increase or decrease of the Total Return Index over the applicable period. The total is then adjusted to account for a coupon amount calculated at an e rate times the face amount of Note 1, for an annual fee amount of f basis points of the notional value (leveraged face amount) of Note 1, and for the reversal of any interest factor included in the total return computation of the Total Return Index.

The second note (Note 2) will be issued to a Fund at par value of $a and with a term of b months. Its payout formula will be determined by reference to the Excess Return Index. A Fund, as holder of Note 2, will have the right to put Note 2 to the issuer for redemption at any time before maturity. In addition, if on any day the Excess Return Index falls to a level that is c% or less of the beginning Excess Return Index value at the time Note 2 was acquired, the note will knockout and be automatically redeemed based on the closing Excess Return Index value on the next day. The repayment obligation upon early redemption, knockout, or maturity equals the face amount of Note 2 plus or minus the following adjustment. To calculate the adjustment, the face amount of Note 2 is multiplied by (A) a leverage factor of d, and by (B) the percentage increase or decrease of the Excess Return Index over the applicable period. The total is then adjusted to account for a coupon amount calculated at an e rate times the face amount of Note 2, and for an annual fee amount of f basis points of the notional value (leveraged face amount) of Note 2.

The third note (Note 3) will be issued to a Fund at par value of $a with a term of b months. Its payout formula will be determined by reference to the Total Return Subindex. A Fund, as holder of Note 3, will have the right to put Note 3 to the issuer for redemption at any time before maturity. In addition, if on any day the Total Return Subindex falls to a level that is c% or less of the beginning Total Return Subindex value at the time Note 3 was acquired, the note will knockout and be automatically redeemed based on the closing Total Return Subindex value on the next day. The repayment obligation upon early redemption, knockout, or maturity equals the face amount of Note 3 plus or minus the following adjustment. To calculate the adjustment, the face amount of Note 3 is multiplied by (A) a leverage factor of d, and by (B) the percentage increase or decrease of the Total Return Subindex over the applicable period. The total is then adjusted to account for a coupon amount calculated at an e rate times the face amount of Note 3, and for an annual fee amount of f basis points of the notional value (leveraged face amount) of Note 3, and for the reversal of any interest factor included in the total return computation of the Total Return Subindex.

The fourth note (Note 4) will be issued to a Fund at par value of $a with a term of b months. Its payout formula will be determined by reference to the Excess Return Subindex. A Fund, as holder of Note 4, will have the right to put Note 4 to the issuer for redemption at any time before maturity. In addition, if on any day the Excess Return

Subindex falls to a level that is c% or less of the beginning Excess Return Subindex value at the time Note 4 was acquired, the note will knockout and be automatically redeemed based on the closing Excess Return Subindex value on the next day. The repayment obligation upon early redemption, knockout, or maturity equals the face amount of Note 4 plus or minus the following adjustment. To calculate the adjustment, the face amount of Note 4 is multiplied by (A) a leverage factor of d, and by (B) the percentage increase or decrease of the Excess Return Subindex over the applicable period. The total is then adjusted to account for a coupon amount calculated at an e rate times the face amount of Note 4, and for an annual fee amount of f basis points of the notional value (leveraged face amount) of Note 4.

The fifth note (Note 5) will be issued to a Fund at par value of $g with a term of h months. Its payout formula will be determined by reference to the performance of a specified basket of six-month futures contracts with respect to all of the commodities in the Total Return Index with weightings of the different commodities similar to the weightings in the Total Return Index. A Fund, as holder of Note 5, has the right to put Note 5 to the issuer at the calculated redemption price at any time before maturity. In addition, the repayment obligation upon early redemption, knockout, or maturity is the greater of 1) i% of the issue price of Note 5, and 2) the face amount of Note 5 less an annual fee amount of f basis points of the notional value (leveraged face amount) of Note 5, the reversal of any interest factor included in the Total Return Index, plus a coupon amount calculated at an e rate times the face amount of Note 5, plus an amount calculated by multiplying (A) the face amount of Note 5, by (B) a leveraged factor of d by (C) the percentage increase or decrease in the value of the specified basket of commodities futures over the applicable period.

The sixth note (Note 6) will be issued to a Fund at par value of $g with a term of h months. Its payout formula will be determined by reference to the performance of a specified basket of six-month futures contracts with respect to all of the commodities in the Excess Return Index with weightings of the different commodities similar to the weightings in the Excess Return Index. A Fund, as holder of Note 6, has the right to put Note 6 to the issuer at the calculated redemption price at any time before maturity. In addition, the repayment obligation upon early redemption, knockout, or maturity is the greater of 1) i% of the issue price of Note 6, and 2) the face amount of Note 6 less an annual fee amount of f basis points of the notional value (leveraged face amount) of Note 6, the reversal of any interest factor included in the Excess Return Index, plus a coupon amount calculated at an e rate times the face amount of Note 6, plus an amount calculated by multiplying (A) the face amount of Note 6, by (B) a leveraged factor of d by (C) the percentage increase or decrease in the value of the specified basket of commodities futures over the applicable period.

Funds make the following representations with respect to the Notes:

1) The issuer of the Notes has or will receive payment in full of the purchase price of the Notes substantially contemporaneously with the delivery of the Notes;

2) A Fund, while holding the Notes, will not be required to make any payment to the issuer of the Notes in addition to the purchase price paid for the Notes, whether as margin, settlement payment, or otherwise, during the life of the Notes or at maturity;

3) The issuers of the Notes are not and will not be subject by the terms of the instrument to mark-to-market margining requirements of the Commodities Exchange Act, 7 U.S.C. § 2 (2002), as amended (the "CEA"); and

4) The Notes have not and will not be marketed as a contract of sale of a commodity for future delivery (or option on such a contract) subject to the CEA.

Controlled Foreign Corporation

Each Fund will invest up to k% of its total assets in a wholly-owned subsidiary (each a "Subsidiary," and collectively "Subsidiaries") that will be a foreign corporation. Each Subsidiary will initially be wholly-owned by its respective Fund. However, it is possible that shares in Subsidiaries may also be acquired by other RICs for which Adviser acts as the investment adviser. Each Subsidiary will be incorporated as an exempted limited company under the laws of Country. Under the laws of Country, an exempted limited company provides for limited liability for all holders of shares. A shareholder's liability is limited to the amount, if any, unpaid with respect to the shares acquired by the shareholder. Each Subsidiary will file an election on Form 8832, Entity Classification Election, to be taxed as a corporation for federal income tax purposes pursuant to section 301.7701-3 of the Procedure and Administration Regulations.

Funds represent that, although Subsidiaries will not be registered as investment companies under the 1940 Act, each Subsidiary will comply with the requirements of section 18(f) of the 1940 Act, the Investment Company Act Release No. 10666 (April 18, 1979) (Securities Trading Practices of Registered Investment Companies), and related SEC guidance pertaining to asset coverage with respect to investments to which this authority would apply if Subsidiaries were registered under the 1940 Act.

Each Fund will invest a portion of its assets in its Subsidiary, subject to the diversification limitations set forth in section 851(b)(3). Subsidiaries will invest in commodities, commodity futures contracts, commodity-linked notes, commodity-linked option and swap contracts and other commodity linked derivatives. Subsidiaries will also invest in other investments, including fixed income securities, either as investments or to serve as margin or collateral for their derivatives positions.

LAW AND ANALYSIS

Commodity-Linked Notes

Section 851(b)(2) provides that a corporation shall not be considered a RIC for any taxable year unless it meets an income test (the “qualifying income requirement”). Under this test, at least 90 percent of its gross income must be derived from certain enumerated sources. Section 851(b)(2)(A) defines qualifying income, in relevant part, as:

> [D]ividends, interest, payments with respect to securities loans (as defined in section 512(a)(5)), and gains from the sale or other disposition of stock or securities (as defined in section 2(a)(36) of the Investment Company Act of 1940, as amended) or foreign currencies, or other income (including but not limited to gains from options, futures or forward contracts) derived with respect to [the RIC’s] business of investing in such stock, securities, or currencies . . . .

Section 2(a)(36) of the 1940 Act defines the term “security” as:

> [A]ny note, stock, treasury stock, security future, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a “security”, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

Section 2(f)(1) of the CEA provides that the CEA is not applicable to a hybrid instrument that is predominantly a security. Section 2(f)(2) of the CEA provides that a hybrid instrument shall be considered to be predominantly a security if:

A. the issuer of the hybrid instrument receives payment in full of the purchase price of the hybrid instrument, substantially contemporaneously with the delivery of the hybrid instrument;

B. the purchaser or holder of the hybrid instrument is not required to make any payment to the issuer in addition to the purchase price paid under subparagraph (A), whether as margin, settlement payment, or otherwise, during the life of the hybrid instrument or at maturity;

C. the issuer of the hybrid instrument is not subject by the terms of the instrument to mark-to-market margining requirements; and

D. the hybrid instrument is not marketed as a contract of sale of a commodity for future delivery (or option on such a contract) subject to this chapter.

Section 2(f)(3) of the CEA provides, in part, that for purposes of section 2(f)(2)(C) of the CEA, mark-to-market margining requirements do not include the obligation of an issuer of a secured debt instrument to increase the amount of collateral held in pledge for the benefit of the purchaser of the secured debt instrument to secure the repayment obligations of the issuer under the secured debt instrument.

Controlled Foreign Corporation

Section 851(b) provides that, for purposes of section 851(b)(2), there shall be treated as dividends amounts included in gross income under section 951(a)(1)(A)(i) or 1293(a) for the taxable year to the extent that, under section 959(a)(1) or 1293(c) (as the case may be), there is a distribution out of the earnings and profits of the taxable year which is attributable to the amounts so included.

Section 957(a) defines a controlled foreign corporation ("CFC") as any foreign corporation in which more than 50 percent of (1) the total combined voting power of all classes of stock entitled to vote, or (2) the total value of the stock, is owned by United States shareholders on any day during the corporation's taxable year. A United States shareholder is defined in section 951(b) as a United States person who owns 10 percent or more of the total voting power of a foreign corporation. Here each Fund will be treated as a United States shareholder invested in a Subsidiary that is taxed as a CFC. Although it is possible that shares in Subsidiaries may also be acquired by other RICs for which Adviser acts as the investment adviser, it is expected that each Subsidiary will be classified as a CFC.

Section 951(a)(1) provides that if a foreign corporation is a CFC for an uninterrupted period of 30 days or more during any taxable year, every person who is a United States shareholder of this corporation and who owns stock in this corporation on the last day of the taxable year in which the corporation is a CFC shall include in gross income the sum of the shareholder's pro rata share of the CFC's subpart F income for the taxable year.

Section 952(a)(2) defines subpart F income to include foreign base company income determined under section 954. Under section 954(a)(1), foreign base company income includes foreign personal holding company income determined under section 954(c). Section 954(c)(1)(A) defines foreign personal holding company income to include dividends, interest, royalties, rents, and annuities.

In this case, Subsidiaries' investments in commodities and commodity-linked derivatives may produce income that will qualify as subpart F income under section 954(c). Each Fund will therefore include in income the sum of its pro rata share of its Subsidiary's subpart F income for the taxable year in accordance with section 951.

CONCLUSION

Based on the facts presented and representations made, we rule that income and gain arising from the Notes constitutes qualifying income to each Fund under section 851(b)(2). We further rule that income derived by each Fund from its investment in its wholly-owned Subsidiary, whether or not attributable to subpart F income, is income derived with respect to each Fund's business of investing in the stock of its Subsidiary, and thus constitutes qualifying income to Fund under section 851(b)(2).

No opinion is expressed as to whether each Fund qualifies as a RIC that is taxable under subchapter M, part I of the Code. This ruling is directed only to the taxpayers who requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited as precedent.

In accordance with the Power of Attorney on file with this office, a copy of this letter is being sent to your authorized representative.

Sincerely,

/S/

Elizabeth A. Handler
Chief, Branch 1
Office of Associate Chief Counsel
(Financial Institutions & Products)

Enclosures:
Copy of this letter
Copy for section 6110 purposes