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A View of the Convertible Securities Market

1st Quarter 2009

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Convertible bonds are interest-paying securities, similar to corporate bonds, in which investors have the option to exchange the bonds for a predetermined number of shares of common stock. The hybrid nature of the securities offers investors the principal protection and income characteristics of bonds with the opportunity for higher returns if the issuer's stock price rises. Convertible securities are senior to common stock. The Convertible Market also includes Convertible preferred shares, which have similar characteristics.

Dinsmore Capital Management (DCM) believes that the credit and equity markets have shown reasons to be optimistic but there are still signs that make us cautious. Given the new realities in the financial services industry and the broader market's search for sector leadership, we are prepared for further volatility. DCM continues to draw confidence from the lessons of history and we believe the current market environment has created inefficiencies in the convertible securities market. Hard work and a knowledge advantage that comes from analyzing and managing convertible securities for over 25+ years, in both bull and bear markets, will allow DCM to identify securities with strong return potential. *(For the 1st Quarter 2009 the Bank of America/Merrill Lynch All Convertible Index (VXA0) was up 2.80% with the underlying equities down 8.99% see further BAC/MER statistics below.)*

These past six months have been extremely difficult and even if the March equity rally does not sustain itself we believe that the convertible securities market still presents long-term investors with exceptional opportunities. DCM continues to see securities within the \$170 billion convertible marketplace at near generational low valuations offering both equity participation and downside protection. We believe the free market system will eventually return the economy and the financial markets to an upward return pattern and that the convertible securities market, which is substantially undervalued, will reward those with staying power. We will continue to rely on DCM's long term perspective and rigorous fundamental research as we seek to capitalize on the unusual conditions of today's market.

According to the Bank of America Securities/Merrill Lynch All Convertible Index (VXA0) the universe at the end of the 1st Quarter 2009 had a current yield of 5.38%, a yield advantage of 3.19% over the underlying common stock, a conversion premium of 94.0% and a BB+ average rating. For the 1st Quarter of 2009, the index gained 2.80% while the underlying stocks of those issues dropped 8.99% and the S&P 500 declined 11.01%. For the same time period 1st Quarter 2009 the investment-grade convertibles index (VXA1) was down 3.28% and trailed the all speculative-grade index (VXA2) which was up 11.58%. The investment grade index has 99 issues with an average rating of A- and the speculative grade index has 234 issues with an average rating of B+. The U.S. convertible market is represented by the Bank of America/Merrill Lynch All U.S. Convertible Index (VXA0), which is comprised of approximately 576 issues of convertible bonds and preferred shares of all qualities.

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