

Table 1
Regions Morgan Keegan Bond Funds

Fund Name	Ticker	Inception	Net Assets		2007 Returns	
			12/31/2006	12/31/2007	Capital Appreciation	Total Return
High Income	RMH	6/24/2003	\$311.6 m	\$115.5 m	-70.7%	-65.5%
Strategic Income	RSF	3/18/2004	\$366.0 m	\$134.2 m	-72.1%	-67.2%
Advantage Income	RMA	11/8/2004	\$423.8 m	\$161.9 m	-71.6%	-66.8%
M-S High Income	RHY	1/19/2006	\$478.8 m	\$159.5 m	-72.2%	-65.4%
Select High Income	MKHIX	3/22/1999	\$1,251.6 m	\$156.7 m		-58.4%
Select Intermediate	MKIBX	3/22/1999	\$913.8 m	\$168.7 m		-49.6%
			\$3,745.6 m	\$896.5 m		

The \$3 billion drop in the funds' net assets reported in Table 1 are largely as a result of \$2 billion in losses on securities held in the mutual funds' portfolios. These securities losses are listed in Table 2 with our estimate of investor losses.³ Investors in these six funds lost more than \$2 billion between March 31, 2007 and March 31, 2008.

Table 2
Investors in the Six RMK Funds Lost \$2 Billion
From March 31, 2007 to March 31, 2008

Fund Name	Portfolio Securities ⁴		Investor Losses	
	Capital Gain/Loss	Net Gain/Loss	Capital Gain/Loss	Net Gain/Loss
Advantage Income	\$(313,565,152)	\$(270,000,647)	\$(379,307,019)	\$(281,465,563)
High Income	\$(224,919,545)	\$(194,593,637)	\$(271,456,298)	\$(238,037,475)
Strategic Income	\$(272,382,430)	\$(235,249,944)	\$(327,115,002)	\$(376,890,153)
Multi-Sector High Income	\$(363,776,576)	\$(317,940,696)	\$(417,380,060)	\$(327,419,955)
Select High Income	\$(458,786,433)	\$(415,321,470)	\$(458,786,433)	\$(415,321,470)
Select Intermediate Bond	<u>\$(404,876,746)</u>	<u>\$(370,825,120)</u>	<u>\$(404,876,746)</u>	<u>\$(370,825,120)</u>
Total	\$(2,038,306,882)	\$(1,803,931,511)	\$(2,258,921,558)	\$(2,009,959,733)

B. The Losses Were Not From "Flight to Quality" or "Mortgage Meltdown"

The losses suffered by investors in the RMK funds were not the result of a "flight to quality." The values of \$100 invested in each of the four RMK mutual funds on

³ The portfolio securities losses for the two open-end funds are for the 10-month period from June 30, 2007 to April 30, 2008. Adding investment losses in these two funds during the period from March 31, 2007 to June 30, 2007 adds about \$100 million to the RMK funds' investment losses.

⁴ These losses are virtually all in the funds' holdings of low-priority asset-backed securities; 97% of the unrealized losses between March 31, 2007 and September 30, 2007 in the Multi-Sector High Income fund's portfolio were in asset backed securities, only 3% were in corporate bonds.