

Closed End Funds Dividend Call Transcript
AllianceBernstein, L.P.
March 28, 2006
3:30 p.m. CST

Moderator Ladies and gentlemen, thank you for standing by and welcome to the ACM Funds Call Update. At this time all participants are in a listen-only mode. Later we will conduct a question and answer session, and instructions will be given at that time. As a reminder, this conference is being recorded. I would now like to turn the conference over to Dan Rudnitsky, please go ahead.

D. Rudnitsky Thank you, Linda. Good afternoon, everyone. My name is Dan Rudnitsky and I am the Product Manager for Global Fixed Income at AllianceBernstein. A short while ago we issued a press release that declared monthly dividends and advised of dividend decreases in three of our closed-end funds. To restate the contents of the respective press releases, the dividends of the following three funds have been reduced: The ACM Municipal Securities Income Fund, the ACM Income Fund, and ACM Managed Dollar Income Fund. I am joined on the call by Terry Hults, Senior Vice President and Portfolio Manager of the ACM Municipal Securities Income Fund, and Paul DeNoon, Senior Vice

President and Portfolio Manager of the ACM Income Fund and ACM Managed Dollar Income Fund.

As soon as I've concluded my prepared remarks, we will open up the line for questions for members of the analyst community. All other callers will be in a listen-only mode. If you are an analyst dialing-in for today's call, please make sure that you are using one of the phone numbers that were e-mailed to you yesterday.

For all of our closed-end funds, the dividend rate is set to reflect as closely as possible our assessment of the respective portfolios' current earnings power. The portfolios are positioned based upon what we believe is consistent with the appropriate risk levels and valuations in the marketplace. In previous calls over the past year regarding our closed-end funds and dividend reductions, the market themes related to these reductions have been consistent, and are again the primary drivers behind today's declared reductions.

The first is the level of short-rates. Since June 2004, when the Federal Open Markets Committee began to increase their overnight Fed Funds Rate, a major theme in the fixed-income markets has been a flattening of

the yield curve. Short-term interest rates have continued to rise due to the Fed tightening. The Fed Funds Rates started June of 2004 at 1%. With the most recent increase today, March 28th, currently that rate stands at 4.75%.

In a statement announcing its action, the Fed repeated further rate rises may be needed. The last respective dividend reductions in ACM Municipal Securities Fund, ACM Income Fund, and ACM Managed Dollar Fund were September 2005, April 2005, and August 2005. Since then the Fed funds rate has increased by 100 basis points, 200 basis points, and 125 basis points respectively. As a result, in the case of each of these funds, the cost of borrowing for leverage purposes has continued to increase.

The second driver is prevailing market rates. The increase in official rates has not coincided with an increase in market rates. This continues to be true in the current environment, where yields in virtually all fixed-income sectors remain at or near historic lows. As a result, as higher yielding bonds in the portfolios are called, mature, or are sold, the proceeds must be reinvested at these lower levels, thus reducing the overall yield of the portfolio. In short, market yields available to the portfolios remain low, while borrowing costs associated with the leverage in the portfolios have

increased significantly. Thus, the net impact has been a reduction in the overall earnings power of the funds. As a result of these factors that I've mentioned, the dividends of these respective funds have been reduced in order to more accurately reflect their current earnings power.

This concludes my prepared remarks on behalf of the respective funds. I would like to thank you very much for your time and your investment in our ACM closed-end funds. We would now like to open the line for analyst questions. Linda, could you please guide the participants on asking questions?

Moderator Certainly.

D. Rudnitsky Linda, if there is nobody in queue, would you be kind enough to lead everybody through how to get a replay?

Moderator Certainly. Ladies and gentlemen, this conference will be available for replay after 6:15 p.m. today through April 28th. You may access the AT&T Conference Replay system at any time by dialing 1-800-475-6701, and entering the access code of 824084. International participants, dial

320-365-3844. That does conclude our conference for today. Thank you for your participation, and for using AT&T Executive Teleconference.

D. Rudnitsky Linda, I'd like to add one more piece please.

Moderator Certainly.

D. Rudnitsky Thank you. In addition, a written transcript of today's call will be available on our Web site, www.allianceberstein.com, within the next couple of days. As well, a forth-coming release will also contain instructions for accessing the replay and transcript. Once again I'd like to thank you for joining us today, and for your continued support. This concludes our call.

Moderator Thank you and you may now disconnect.

D. Rudnitsky Thank you.