

Merrill Lynch Mutual Fund Advisor® Program



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WHAT IS THE MERRILL LYNCH MUTUAL FUND ADVISOR® PROGRAM?

The Merrill Lynch Mutual Fund Advisor® (Merrill Lynch MFA®) program is a discretionary investment advisory service that offers investors customized portfolios of mutual funds, managed by a dedicated team of portfolio managers, based on the specific investment strategy selected.

WHY SHOULD YOU CONSIDER THE MERRILL LYNCH MFA PROGRAM?

If you want a diversified mutual fund portfolio that seeks to manage risk and maximize potential returns and that is aligned with your investment goals, consider the Merrill Lynch MFA program. The program is designed for investors with a long-term investment horizon and a minimum investment of \$5,000. A quarterly advisory fee is assessed, based on the value of assets held in your Merrill Lynch MFA account.¹

WHAT ARE THE BENEFITS OF THE MERRILL LYNCH MFA PROGRAM?

Implements a disciplined, long-term mutual fund investment strategy

Beginning with an evaluation of your investment goals and an assessment of your risk tolerance, the Merrill Lynch MFA program incorporates an investment management process that is critical to your portfolio's overall performance.

The MFA program uses a powerful four-step process:

- Determining your Investor Profile by identifying your goals, investment objectives and tolerance for risk.
- Selecting an investment strategy with appropriate asset allocation and diversification features for your Investor Profile. The Merrill Lynch MFA program offers strategies that are implemented by investing in a variety of funds from different fund families, including the Merrill Lynch Investment Managers (MLIM®) family of funds. Or you can choose strategies offered exclusively through the MLIM family.
- Managing a customized portfolio, which, based upon the investment strategy selected, may draw from as many as 3,000 funds. This includes rebalancing your portfolio as appropriate, to

keep your investments aligned with your selected strategies. It also takes into account your preferences for taxable or tax-exempt fixed-income and any reasonable restrictions on certain fund selections.

- Reviewing and monitoring the performance of your portfolio.

Provides rigorous fund analysis and monitoring

- The MFA Investment Team uses sophisticated quantitative and qualitative research techniques so that each fund undergoes rigorous analysis before being selected for a portfolio.
- The MFA Investment Team's research analysis includes an extensive review of the fund's investment style and objective, long-term performance and the overall fund organization.
- The analysis that each fund goes through focuses on fund classification, risk measurement and performance analysis.
- By interviewing each fund management team, our analysts gain insight into the management company, evaluate each manager's securities selection process and learn how the fund is currently positioned. These qualitative factors can help determine which of the screened funds may be positioned to remain top performers.
- The MFA Investment Team reviews your MFA portfolio to evaluate the risk/return characteristics of the combination of funds, to provide consistency with your chosen investment strategy.
- The funds are regularly monitored for volatility and drift from the stated investment objectives and strategies.
- For MLIM within MFA strategies, the individual mutual fund selections are based on in-depth research conducted by the MLIM investment and risk management departments.

Reduces risk through asset allocation and diversification

- Diversifying investments by asset class (equity and fixed-income funds), investment style (large-, mid-, small-cap; growth or value) and international region is widely accepted as a major factor influencing long-term risk and volatility.
- Each MFA investment strategy incorporates diversification among multiple funds, which limits potential loss from a concentrated position.

Incorporates portfolio review and periodic rebalancing

- The MFA Investment Team assesses how well initial portfolio decisions continue to meet your needs. Your portfolio will be monitored regularly, reviewed and, when appropriate, reallocated.
- By monitoring the investment environment, the MFA Investment Team can also help you take advantage of market opportunities and economic conditions, adjusting your MFA portfolio as appropriate.

Gives you comprehensive reports

- Your portfolio is conveniently held in just one account, and we make it easy for you to keep track of your investments. We provide clear and comprehensive reporting in the monthly account statements, Quarterly Performance Reviews and an annual tax-reporting statement (taxable accounts only).
- The Quarterly Performance Review helps you track the performance of your MFA portfolio. In addition to performance, it provides your portfolio's current value, individual holdings and asset allocation.

- You may also choose to receive individual confirmations for mutual fund transactions.

Adapts to your changing needs

- As your investment needs and circumstances change, you can work with your Merrill Lynch Financial Advisor to change investment strategies to meet your new objectives.
- The MFA program gives you the option of initiating tax selling, which can help you manage your taxable gains and losses.
- You also have the ability to make scheduled contributions or automatic withdrawals.
- Your Merrill Lynch Financial Advisor is your link to the MFA Investment Team. If your financial circumstances or investment goals change, you should notify your Merrill Lynch Financial Advisor so that you can update your Investor Profile.

As with other investments, mutual funds are subject to market conditions and other associated risks. There is no guarantee that any specific fund or investment strategy will meet its investment objectives. For more complete information about any of the mutual funds available through the Mutual Fund Advisor program, including management fees and other charges and expenses, ask your Merrill Lynch Financial Advisor for a prospectus. Before you invest or send money, please carefully read the prospectus of the mutual fund selected, as well as the Merrill Lynch MFA Client Agreement and the Merrill Lynch MFA Disclosure Document, which describe the applicable fees, restrictions and other terms of the Mutual Fund Advisor Program.

HOW CAN YOU GET STARTED?

If you want access to a dedicated team of portfolio managers who will customize and manage a portfolio of mutual funds that can benefit from strategic asset allocation, diversification and rebalancing, ask your Merrill Lynch Financial Advisor about the Merrill Lynch MFA program.

¹ Underlying fund expenses, which may include Rule 12b-1 fees and other fees payable as compensation to Merrill Lynch, will apply. Merrill Lynch may receive additional compensation from the fund families or their affiliates.



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