Invesco Van Kampen High Income Trust II
Form N-14 8C
April 05, 2012

As filed with the Securities and Exchange Commission on April 5, 2012
1933 Act File No. [_________]

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-14

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933	**þ**
Pre-Effective Amendment No. ____	**o**
Post-Effective Amendment No. ____	**o**

(Check appropriate box or boxes)
INVESCO VAN KAMPEN HIGH INCOME TRUST II
(Exact Name of Registrant as Specified in Charter)
1555 Peachtree Street, N.E., Atlanta, Georgia 30309
(Address of Principal Executive Offices) (Zip Code)
(713) 626-1919
(Registrant s Telephone Number, including Area Code)
John M. Zerr, Esq.
11 Greenway Plaza
Suite 2500
Houston, Texas 77046
(713) 626-1919
(Name and Address of Agent for Service of Process)
Copies to:

Stephen R. Rimes, Esquire	Matthew R. DiClemente, Esquire
Invesco Advisers, Inc.	Stradley Ronon Stevens & Young, LLP
11 Greenway Plaza, Suite 2500	2600 One Commerce Square
Houston, Texas 77046-1173	Philadelphia, Pennsylvania 19103

Approximate date of proposed public offering: As soon as practicable after the effective date of this Registration Statement.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

Calculation of Registration Fee under the Securities Act of 1933:

Title of Securities Being Registered	Amount Being Registered	Proposed Maximum Offering Price per Unit	Proposed Maximum Aggregate Offering Price[(1)]	Amount of Registration Fee
Common Shares of Beneficial Interest			$74,673,366	$8,558

(1)

Estimated solely for purposes of calculating the registration fee. Based on average high and low reported price for Invesco High Yield Investments Fund, Inc. Common Shares on April 2, 2012, in accordance with Rule 457(f)(1) under the Securities Act of 1933.

Invesco Van Kampen High Income Trust II
Invesco High Yield Investments Fund, Inc.
1555 Peachtree Street, N.E.
Atlanta, GA 30309
(800) 341-2929

NOTICE OF JOINT ANNUAL MEETING OF SHAREHOLDERS
To Be Held on July 17, 2012

Notice is hereby given to holders of common shares of beneficial interest (Common Shares) of Invesco High Yield Investments Fund, Inc. (the Target Fund or MSY) and Invesco Van Kampen High Income Trust II (the Acquiring Fund or VLT) that the Funds will hold a joint annual meeting of shareholders (the Meeting) on July 17, 2012, at [2:00] p.m., Eastern time, at 1555 Peachtree Street, N.E., Atlanta, Georgia 30309. The Target Fund and the Acquiring Fund collectively are referred to as the Funds and each is referred to individually as a Fund. At the Meeting, holders of Common Shares (Common Shareholders) will be asked to vote on the following proposals:

1) For each Fund, approval of an Agreement and Plan of Redomestication that provides for the reorganization of such Fund as a Delaware statutory trust.

2) Approval of the merger of the Target Fund into the Acquiring Fund, which shall require the following shareholder actions:

   (a) For the Target Fund, approval of an Agreement and Plan of Merger that provides for the Target Fund to merge with and into the Acquiring Fund.

   (b) For the Acquiring Fund, approval of an Agreement and Plan of Merger that provides for the Target Fund to merge with and into the Acquiring Fund.

3) For the Target Fund, the election of a class of Directors to its Board of Directors.

4) For the Acquiring Fund, the election of two Class II Trustees to its Board of Trustees.

Each Fund may also transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

Common Shareholders of record as of the close of business on May 23, 2012, are entitled to notice of, and to vote at, the Meeting or any adjournment or postponement thereof.

The Board of Trustees/Directors of each Fund requests that you vote your shares by either (i) completing the enclosed proxy card and returning it in the enclosed postage paid return envelope, or (ii) voting by telephone or via the internet using the instructions on the proxy card. Please vote your shares promptly regardless of the number of shares you own.

Each Fund s Board recommends that you cast your vote FOR the above proposals and FOR ALL the Trustee/Director nominees as described in the Joint Proxy Statement/Prospectus.

For the Target Fund (MSY):

____

Mr. Philip Taylor
President and Principal Executive Officer
June [__], 2012

For the Acquiring Fund (VLT),
by order of the Board of Trustees:

____

John M. Zerr
Senior Vice President, Secretary and
Chief Legal Officer
June [__], 2012

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE JOINT ANNUAL MEETING OF SHAREHOLDERS TO BE HELD JULY 17, 2012:
The proxy statement and annual report to shareholders are available at www.invesco.com/us.

Invesco Van Kampen High Income Trust II
Invesco High Yield Investments Fund, Inc.
1555 Peachtree Street, N.E.
Atlanta, GA 30309
(800) 341-2929
JOINT PROXY STATEMENT/PROSPECTUS
June [__], 2012

Introduction

This Joint Proxy Statement/Prospectus (the Proxy Statement) contains information that holders of common shares of beneficial interest (Common Shares) of Invesco High Yield Investments Fund, Inc. (the Target Fund or MSY) and Invesco Van Kampen High Income Trust II (the Acquiring Fund or VLT) should know before voting on the proposals that are described herein. The Target Fund and the Acquiring Fund collectively are referred to as the Funds and each is referred to individually as a Fund.

A joint annual meeting of the shareholders of the Funds (the Meeting) will be held at 1555 Peachtree Street, N.E., Atlanta, Georgia 30309 on July 17, 2012, at [2:00] p.m., Eastern time. The following describes the proposals to be voted on by holders of Common Shares (Common Shareholders) at the Meeting:

1) For each Fund, approval of an Agreement and Plan of Redomestication that provides for the reorganization of such Fund as a Delaware statutory trust.

2) Approval of the merger of the Target Fund into the Acquiring Fund, which shall require the following shareholder actions:

   (a) For the Target Fund, approval of an Agreement and Plan of Merger that provides for the Target Fund to merge with and into the Acquiring Fund.

   (b) For the Acquiring Fund, approval of an Agreement and Plan of Merger that provides for the Target Fund to merge with and into the Acquiring Fund.

3) For the Target Fund, the election of a class of Directors to its Board of Directors.

4) For the Acquiring Fund, the election of two Class II Trustees to its Board of Trustees.

Each Fund may also transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The redomestications contemplated by Proposal 1 are referred to herein each individually as a Redomestication and together as the Redomestications. The merger contemplated by Proposal 2 is referred to herein as the Merger.

The Boards of Trustees/Directors of the Funds (the Boards) have fixed the close of business on May 23, 2012, as the record date (Record Date) for the determination of shareholders entitled to notice of and to vote at the Meeting and at any adjournment or postponement thereof. Shareholders will be entitled to one vote for each share held (and a proportionate fractional vote for each fractional share).

This Proxy Statement, the enclosed Notice of Joint Annual Meeting of Shareholders, and the enclosed proxy card will be mailed on or about [June 21], 2012, to all Common Shareholders eligible to vote at the Meeting. Each Fund is a closed-end management investment company registered under the Investment Company Act of 1940, as amended (the 1940 Act). The Common Shares of each Fund are listed on the New York Stock Exchange (the NYSE). The Acquiring Fund s Common Shares are also listed on the Chicago Stock Exchange (together with the NYSE, the Exchanges). This document is both a proxy statement for Common Shares of each Fund and also a prospectus for Common Shares of the Acquiring Fund.

The Meeting is scheduled as a joint meeting of the shareholders of the Funds and certain affiliated funds, whose votes on proposals applicable to such funds are being solicited separately, because the shareholders of the funds are expected to consider and vote on similar matters. In the event that a shareholder of a Fund present at the Meeting objects to the holding of a joint meeting and moves for an adjournment of the meeting of such Fund to a time immediately after the joint meeting so that such Fund s meeting may be held separately, the persons named as proxies will vote in favor of the adjournment.

A joint Proxy Statement is being used in order to reduce the preparation, printing, handling and postage expenses that would result from the use of separate proxy materials for each Fund. You should retain this Proxy Statement for future reference, as it sets forth concisely information about the Funds that you should know before voting on the proposals and because it will be the only prospectus you receive for your Acquiring Fund Common Shares. Additional information about each Fund is available in the annual and semi-annual reports to shareholders of such Fund. These documents are on file with the U.S. Securities and Exchange Commission (the SEC). The statement of additional information to this Proxy Statement (the SAI), dated the same date as this Proxy Statement, includes additional information about the Funds that is incorporated herein by reference and is deemed to be part of this Proxy Statement. Each Fund s most recent annual report to shareholders, which contains audited financial statements for the Funds most recently completed fiscal year, and each Fund s most recent semi-annual report to shareholders have been previously mailed to shareholders and are available on the Funds website at www.invesco.com/us. Copies of all of these documents are available upon request without charge by writing to the Funds at 11 Greenway Plaza, Suite 2500, Houston, Texas 77046, or by calling (800) 341-2929.

You also may view or obtain these documents from the SEC s Public Reference Room, which is located at 100 F Street, N.E., Washington, D.C. 20549, or from the SEC s website at www.sec.gov. Information on the operation of the SEC s Public Reference Room may be obtained by calling the SEC at (202) 551-8090. You can also request copies of these materials, upon payment at the prescribed rates of the duplicating fee, by electronic request to the SEC s e-mail address (publicinfo@sec.gov) or by writing to the Public Reference Branch, Office of Consumer Affairs and Information Services, U.S. Securities and Exchange Commission, Washington, D.C. 20549-1520. You may also inspect reports, proxy material and other information concerning each of the Funds at the Exchanges.

These securities have not been approved or disapproved by the SEC nor has the SEC passed upon the accuracy or adequacy of this Proxy Statement. Any representation to the contrary is a criminal offense. An investment in the Funds is not a deposit with a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. You may lose money by investing in the Funds.

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No dealer, salesperson or any other person has been authorized to give any information or to make any representations other than those contained in this Proxy Statement or related solicitation materials on file with the Securities and Exchange Commission, and you should not rely on such other information or representations.

PROPOSAL 1: APPROVAL OF REDOMESTICATION

On what am I being asked to vote?

Each Fund s shareholders are being asked to approve an Agreement and Plan of Redomestication (a Plan of Redomestication) providing for the reorganization of the Fund as a Delaware statutory trust. The Acquiring Fund is currently a Massachusetts business trust and the Target Fund is currently a Maryland corporation. Each Fund s Plan of Redomestication provides for the Fund to transfer all of its assets and liabilities to a newly formed Delaware statutory trust whose capital structure will be substantially the same as the Fund s current structure, after which Fund shareholders will own shares of the Delaware statutory trust, and the Massachusetts business trust, for the Acquiring Fund, and the Maryland corporation, for the Target Fund, will be liquidated and terminated. The Redomestication is only a change to your Fund s legal form of organization and there will be no change to the Fund s investments, management, fee levels, or federal income tax status as a result of the Redomestication.

Each Fund s Redomestication may proceed even if the other Redomestication is not approved by shareholders or is for any other reason not completed. A form of the Plan of Redomestication is available as Exhibit A.

By voting for this Proposal 1, you will be voting to become a shareholder of a fund organized as a Delaware statutory trust with portfolio characteristics, investment objectives, strategies, risks, trustees, advisory agreements, and subadvisory arrangements and other arrangements that are substantially the same as those currently in place for your Fund.

Has my Fund s Board of Trustees/Directors approved the Redomestication?

Yes. Each Fund s Board has reviewed and unanimously approved the Plan of Redomestication and this Proposal 1. **The Board of each Fund recommends that shareholders vote FOR Proposal 1.**

What are the reasons for the proposed Redomestications?

The Redomestications will serve to standardize the governing documents and certain agreements of the Funds with each other and with other funds managed by Invesco Advisers, Inc. (the Adviser). This standardization is expected to streamline the administration of the Funds, which may result in cost savings and more effective administration by eliminating differences in governing documents or controlling law. In addition, the legal requirements governing business trusts under Massachusetts law are less certain and less developed than those under Delaware law and the legal requirements governing corporations under Maryland law are less flexible than those under Delaware law. These differences sometimes necessitate the Funds bearing the cost to engage counsel to advise on the interpretation of such law.

The Redomestications are also a necessary step for the completion of the Merger described in Proposal 2 because, as Delaware statutory trusts, the Funds may merge with no delay in transactions that are expected to qualify as tax-free reorganizations. However, the Redomestication may proceed even if the Merger described in Proposal 2 is not approved.

What effect will a Redomestication have on me as a shareholder?

A Redomestication will have no direct effect on Fund shareholders investments. Each redomesticated Fund will have investment advisory agreements, subadvisory arrangements, administration agreements, custodian agreements, transfer agency agreements, and other service provider arrangements that are identical in all material respects to those in place immediately before the Redomestication, with certain non-substantive revisions to standardize such agreements across the Funds. For example, after the Redomestication, the investment advisory agreements of the Funds will contain standardized language describing how investment advisory fees are calculated, but there will be no change to the actual calculation methodology. Each Fund will continue to be served by the same individuals as trustees/directors and officers, and each Fund will continue to retain the same independent registered public accounting firm. The portfolio characteristics, investment objectives, strategies and risks of each Fund will not change as a result of the Redomestications.

Shareholder approval of a Redomestication will be deemed to constitute approval of the advisory and subadvisory agreements, as well as a vote for the election of the trustees, of the Delaware statutory trust.

Accordingly, the Plan of Redomestication provides that the sole initial shareholder of each Delaware statutory trust will vote to approve the advisory and subadvisory agreements (which, as noted above, will be identical in all material respects to the Fund s current agreements) and to elect the trustees of the Delaware statutory trust (which, as noted above, will be the same as the Fund s current Trustees) after shareholder approval of the Redomestication but prior to the closing of each Redomestication.

After the Redomestications, each Fund will be a Delaware statutory trust whose capital structure is substantially the same as its current structure. The Common Shares of each Fund will continue to have equal rights to the payment of dividends and the distribution of assets upon liquidation.

The governing documents of the Target Fund before and after its Redomestication will be similar, but will contain certain material differences. The new governing documents will not provide shareholders the ability to remove Trustees/Directors or to call special meetings of shareholders, which actions are permitted under the current governing documents. The new governing documents will also contain a different shareholder voting standard with respect to the Target Fund s merger, consolidation, or conversion to an open-end company that, in certain circumstances, may be a lower voting standard than under the current governing documents. The new governing documents permit termination of the Target Fund without shareholder approval, provided that at least 75% of the Trustees/Directors have approved such termination. The current governing documents require shareholder approval to terminate the Target Fund regardless of whether the Trustees/Directors have approved such termination. The new governing documents impose certain obligations on shareholders seeking to initiate a derivative action on behalf of the Target Fund that may not be imposed under the current governing documents.

The governing documents of the Acquiring Fund before and after its Redomestication will be similar, but will contain certain material differences. Under the new governing documents, Trustees will be elected by a majority vote (i.e., nominees must receive the vote of a majority of the outstanding shares entitled to vote), while under the current governing documents, Trustees are generally elected by a plurality vote (i.e., the nominees receiving the greatest number of votes are elected). In addition, the new governing documents will not provide shareholders the ability to remove Trustees or to call special meetings of shareholders, which actions are permitted under the current governing documents. The new governing documents will also contain a different shareholder voting standard with respect to the Acquiring Fund s merger, consolidation, or conversion to an open-end company that, in certain circumstances, may be a lower voting standard than under the current governing documents. The new governing documents permit termination of the Acquiring Fund without shareholder approval, provided that at least 75% of the Trustees have approved such termination. The current governing documents require shareholder approval to terminate the Acquiring Fund regardless of whether the Trustees have approved such termination. The new governing documents impose certain obligations on shareholders seeking to initiate a derivative action on behalf of the Acquiring Fund that are not imposed under the current governing documents.

A comparison of the current and proposed governing documents of the Funds is available in Exhibit B.

The applicable Delaware statute, as applied to the Funds, will have a similar effect as the currently applicable Massachusetts statute, for the Acquiring Fund, and the currently applicable Maryland statute, for the Target Fund, although the Delaware statute generally has significantly greater detail compared to the Massachusetts statute with respect to shareholder rights, voting, indemnification, and other provisions. Delaware law also limits the liability of shareholders of statutory trusts more clearly than the applicable statutes do with respect to Massachusetts business trusts. A brief comparison of the laws governing Massachusetts business trusts and Delaware statutory trusts is available in Exhibit C. Additionally, a brief comparison of the laws governing Maryland corporations and Delaware statutory trusts is available in Exhibit D.

Will there be any tax consequences resulting from a Redomestication?

The following is a general summary of the material U.S. federal income tax considerations of the Redomestications and is based upon the current provisions of the Internal Revenue Code of 1986, as amended (the Code), the existing U.S. Treasury Regulations thereunder, current administrative rulings of the Internal Revenue Service (IRS) and published judicial decisions, all of which are subject to change. These considerations are general in nature and individual shareholders should consult their own tax advisors as to the federal, state, local, and foreign tax considerations applicable to them and their individual circumstances. These same considerations generally do not apply to shareholders who hold their shares in a tax-deferred account.

Each Redomestication is intended to be a tax-free reorganization pursuant to Section 368(a) of the Code. The Acquiring Fund is currently a Massachusetts business trust and the Target Fund is currently a Maryland corporation. Each Redomestication will be completed pursuant to a Plan of Redomestication that provides for the applicable Fund to transfer all of its assets and liabilities to a newly formed Delaware statutory trust (DE-Fund), after which Fund shareholders will own shares of the Delaware statutory trust and the Massachusetts business trust or Maryland corporation will be liquidated. Even though the Redomestication of a Fund is part of an overall plan to effect the Merger of the Target Fund with the Acquiring Fund, the Redomestications will be treated as separate transactions for U.S. federal income tax purposes. The principal federal income tax considerations that are expected to result from the Redomestication of an applicable Fund are as follows:

- no gain or loss will be recognized by the Fund or the shareholders of the Fund as a result of the Redomestication;

- no gain or loss will be recognized by the DE-Fund as a result of the Redomestication;

- the aggregate tax basis of the shares of the DE-Fund to be received by a shareholder of the Fund will be the same as the shareholder s aggregate tax basis of the shares of the Fund; and

- the holding period of the shares of the DE-Fund received by a shareholder of the Fund will include the period that a shareholder held the shares of the Fund (provided that such shares of the Fund are capital assets in the hands of such shareholder as of the Closing (as defined herein)).

Neither the Funds nor the DE-Funds have requested or will request an advance ruling from the IRS as to the federal tax consequences of the Redomestications. As a condition to Closing, Stradley Ronon Stevens & Young, LLP will render a favorable opinion to each Fund and DE-Fund as to the foregoing federal income tax consequences of each Redomestication, which opinion will be conditioned upon, among other things, the accuracy, as of the Closing Date (as defined herein), of certain representations of each Fund and DE-Fund upon which Stradley Ronon Stevens & Young, LLP will rely in rendering its opinion. A copy of the opinion will be filed with the SEC and will be available for public inspection. See Where to Find Additional Information. Opinions of counsel are not binding upon the IRS or the courts. If a Redomestication is consummated but the IRS or the courts determine that the Redomestication does not qualify as a tax-free reorganization under the Code, and thus is taxable, each Fund would recognize gain or loss on the transfer of its assets to its corresponding DE-Fund and each shareholder of the Fund would recognize a taxable gain or loss equal to the difference between its tax basis in its Fund shares and the fair market value of the shares of the DE-Fund it receives. The failure of one Redomestication to qualify as a tax-free reorganization would not adversely affect the other Redomestication.

When are the Redomestications expected to occur?

If shareholders of a Fund approve Proposal 1, it is anticipated that such Fund s Redomestication will occur in the third quarter of 2012.

What will happen if shareholders of a Fund do not approve Proposal 1?

If Proposal 1 is not approved by a Fund s shareholders or if a Redomestication is for other reasons not able to be completed, that Fund would not be redomesticated. In addition, if either Fund s Common Shareholders do not approve Proposal 1 or if either Fund s Redomestication is for any other reason not completed, the Merger will not be completed. If Proposal 1 is not approved by shareholders, the applicable Fund s Board will consider other possible courses of action for that Fund.

THE BOARDS RECOMMEND THAT YOU VOTE FOR THE APPROVAL OF PROPOSAL 1.

PROPOSAL 2: APPROVAL OF THE MERGER

On what am I being asked to vote?

Shareholders of the Target Fund are being asked to consider and approve the Merger of the Target Fund with and into the Acquiring Fund, as summarized below. Shareholders of the Acquiring Fund are also being asked to consider and approve such Merger, which involves the issuance of new Common Shares by the Acquiring Fund. If the Merger is approved, Common Shares of the Target Fund will be exchanged for newly issued Acquiring Fund Common Shares of equal aggregate net asset value.

The Merger will be completed pursuant to an Agreement and Plan of Merger (Merger Agreement) that provides for the Target Fund to merge with and into the Acquiring Fund pursuant to the Delaware Statutory Trust Act. A form of the Merger Agreement is included as Exhibit E. The Merger can proceed only if both the Target Fund and the Acquiring Fund have also approved their respective Redomestications.

SUMMARY OF KEY INFORMATION REGARDING THE MERGER

The following is a summary of certain information contained elsewhere in this Proxy Statement and in the Merger Agreement. Shareholders should read the entire Proxy Statement carefully for more complete information.

Has my Fund s Board of Trustees/Directors approved the Merger?

Yes. Each Fund s Board has reviewed and unanimously approved the Merger Agreement and this Proposal 2. Each Fund s Board determined that the Merger is in the best interest of each Fund and will not dilute the interests of the existing shareholders of any Fund. **Each Fund s Board recommends that shareholders vote FOR Proposal 2.**

What are the reasons for the proposed Merger?

The Merger proposed in this Proxy Statement is part of a larger group of transactions across the Adviser s fund platform that began in early 2011. The Merger is being proposed to reduce the number of closed-end funds with similar investment processes and investment philosophies managed by the Adviser.

Fund shareholders may benefit from the Merger by becoming shareholders of a larger Fund that may have a more diversified portfolio, greater market liquidity, more analyst coverage, and smaller spreads and trading discounts, although there is no guarantee that this will occur.

In considering the Merger and the Merger Agreement, the Board of each Fund considered these and other factors in concluding that the Merger would be in the best interest of the Funds and would not dilute the interests of the existing shareholders of any Fund. The Boards considerations are described in more detail below in the section entitled Additional Information About the Funds and the Merger Board Considerations in Approving the Merger .

What effect will the Merger have on me as a shareholder?

If you own Target Fund Common Shares, you will, after the Merger, own Common Shares of the Acquiring Fund with an aggregate net asset value equal to the Target Fund Common Shares you held immediately before the Merger. It is likely, however, that the market value of such Common Shares will differ because market value reflects trading activity on the Exchanges and tends to vary from net asset value.

If you are a Common Shareholder of the Acquiring Fund, your Common Shares of the Acquiring Fund will not be changed by the Merger, but will represent a smaller percentage interest in a larger fund.

The principal differences between the Target Fund and the Acquiring Fund are described in the following sections.

How do the Funds investment objectives and principal investment strategies compare?

The investment objective of the Acquiring Fund is similar to the investment objective of the Target Fund.

MSY	**Acquiring Fund (VLT)**
To seek a high level of current income. As a secondary objective, the Fund seeks capital appreciation.	To provide to its common shareholders high current income, while seeking to preserve shareholders capital, through investment in a professionally managed, diversified portfolio of high-income producing fixed-income securities.

Each of the investment objectives of the Acquiring Fund and the Target Fund is fundamental and may not be changed without shareholder approval of a majority of the Acquiring Fund s or Target Fund s outstanding voting securities, as defined in the 1940 Act.

The principal investment strategies of the Acquiring Fund are similar to the principal investment strategies of the Target Fund. The Funds generally invest in the same types of securities, including fixed income securities of U.S. and non-U.S. issuers, fixed and floating rate loans, zero coupon securities, preferred stock, futures and forward foreign currency contracts. The Funds investment strategies principally differ in the limitations placed on those investments. Specifically, the Acquiring Fund may invest a greater percentage of its assets in investment grade securities. In contrast, the Target Fund may invest a greater percentage of its assets (up to 100%) in foreign securities. Also, the Target Fund may invest without limit in loans (other than bank loans) but the Acquiring Fund may invest only up to 20% of its assets in loans.

The section below entitled Additional Information About the Funds and the Merger Principal Investment Strategies provides more information on the principal investment strategies of the Target Fund and the Acquiring Fund and highlights certain other key differences.

How do the Funds principal risks compare?

The principal risks that may affect each Fund s investment portfolio are identical because the Funds may invest in the same types of securities.

Investment in a Fund involves risks, including the risk that shareholders may receive little or no return on their investment, and the risk that shareholders may lose part or all of the money they invest. There can be no guarantee against losses resulting from an investment in a Fund, nor can there be any assurance that a Fund will achieve its investment objectives. Whether a Fund achieves its investment objectives depends on market conditions generally and on the Adviser s analytical and portfolio management skills. As with any managed fund, the Adviser may not be successful in selecting the best-performing securities or investment techniques, and a Fund s performance may lag behind that of similar funds. The risks associated with an investment in a Fund can increase during times of significant market volatility. An investment in a Fund is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Before investing in a Fund, potential shareholders should carefully evaluate the risks.

Additional information on the principal risks of each Fund is included below under Additional Information About the Funds and the Merger Principal Risks of an Investment in the Funds and in the SAI.

How do the Funds expenses compare?

The table below provides a summary comparison of the expenses of the Funds. The table also shows estimated expenses on a *pro forma* basis giving effect to the proposed Merger with the Target Fund. The *pro forma* expense ratios show projected estimated expenses, but actual expenses may be greater or less than those shown. Note that pro forma total expenses of the Acquiring Fund are expected to be **higher** than the current total expenses of the Target Fund.

	Current*		***Pro Forma****
	MSY	**Acquiring Fund (VLT)**	**Target Fund + Acquiring Fund (assumes the Merger is completed)**
Shareholder Fees (Fees paid directly from your investment)			
Maximum Sales Charge (Load) Imposed on Purchases (as a percentage of offering price)	None (a)	None (a)	None (a)
Dividend Reinvestment Plan	None (b)	None (b)	None (b)
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)			
Management Fees	[__]%	[__]%	[__]%

[Interest and Related Expenses] (f)			
Other Expenses	[__]%	[__]%	[__]%
Acquired Fund Fees and Expenses **[Delete this line item if it is 0.00% across all columns]**	[__]%	[__]% (e)	[__]% (e)
Total Annual Fund Operating Expenses	[__]% (c)	[__]% (c)	[__]

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		Current*	Pro Forma* Target Fund + Acquiring Fund (assumes the Merger is completed)
	MSY	**Acquiring Fund (VLT)**	
Fee Waiver and/or Expense Reimbursement **[Delete this line item if fee waiver is 0.00% across all columns]**	[0.00]%	[0.00]%	[0.00]% (d)
Total Annual Fund Operating Expenses after Fee Waiver and/or Expense Reimbursement **[Delete this line item if fee waiver is 0.00% across all columns]**	[__]%	[__]%	[__]%

* [Expense ratios reflect annual fund operating expenses for the most recent fiscal year of the Funds. *Pro forma* numbers are estimated as if the Merger had been completed as of March 1, 2011 and do not include the estimated costs of the Merger. The estimated Merger costs that the Target Fund will bear are [$100,000]. The Adviser estimates that shareholders will recoup these costs through reduced expenses in [10] months or less.**]** For more information on the costs of the Merger to be borne by the Funds, see Costs of the Merger below.

(a) Common Shares of each Fund purchased on the secondary market are not subject to sales charges, but may be subject to brokerage commissions or other charges.

(b) Each participant in a Fund s dividend reinvestment plan pays a proportionate share of the brokerage commissions incurred with respect to open market purchases in connection with such plan. For each Fund s last fiscal year, participants in the plan incurred brokerage commissions representing $[0.03] per Common Share.

(c) Based on estimated amounts for the current fiscal year.

(d) [Effective upon the closing of the Merger, the Adviser has contractually agreed, through at least June 30, 2014, to waive advisory fees and/or reimburse expenses to the extent necessary to limit the Acquiring Fund s Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement (which excludes certain items discussed below) to [__]% of average daily net assets. In determining the Adviser s obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause Total Annual Fund Operating Expenses After Fee Waiver and/or Expense Reimbursement to exceed the limit reflected above: (i) interest; (ii) taxes; (iii) dividend expense on short sales; (iv) extraordinary or non-routine items, such as litigation, reorganizations and mergers; and (v) expenses that the Fund has incurred but did not actually pay because of an expense offset arrangement. Unless the Board and the Adviser mutually agree to amend or continue the fee waiver agreement, it will terminate on June 30, 2014.]

(e) Unless otherwise indicated, Acquired Fund Fees and Expenses are less than 0.01%.

(f) [Interest and Related Expenses arises because accounting rules require the Funds to treat interest paid by trusts issuing certain inverse floating rate investments held by the Funds as having been paid (indirectly) by the Funds. Because the Funds also recognize corresponding amounts of interest income (also indirectly), each Fund s Common Share net asset value, net investment income and total return are not affected by this accounting treatment. The actual Interest and Related Expenses incurred in the future may be higher or lower.]

Expense Example

This example compares the cost of investing in Acquiring Fund Common Shares with the cost of investing in Target Fund Common Shares based on the expense table set out above. The example also provides information on a *pro forma* basis giving effect to the proposed Merger with the Target Fund. It also assumes an investment at net asset value (NAV) of $1,000 for the periods shown; a 5% investment return each year; the Funds operating expenses remain the same each year; that any contractual fee limits or waivers are terminated after their current terms expire; and that all dividends and distributions are reinvested at NAV. Based on these assumptions the costs would be:

	1 Year	3 Years	5 Years	10 Years
Acquiring Fund (VLT)	$[__]	$[__]	$[__]	$[__]
MSY	$[__]	$[__]	$[__]	$[__]
Pro Forma (Target Fund + Acquiring Fund, assuming the Merger is completed)	$[__]	$[__]	$[__]	$[__]

The Example is not a representation of past or future expenses. Each Fund s actual expenses, and an investor s direct and indirect expenses, may be more or less than those shown. The table and the assumption in the Example of a 5% annual return are required by regulations of the SEC applicable to all registered funds. The 5% annual return is not a prediction of and does not represent the Funds projected or actual performance.

For further discussion regarding the Boards consideration of the fees and expenses of the Funds in approving the Merger, see the section entitled Additional Information About the Funds and the Merger Board Considerations in Approving the Merger in this Proxy Statement.

How do the after tax performance records of the Funds compare?

The total after-tax return figures at NAV for each Fund s Common Shares as of [_____], 2012 are shown below. The returns below are not indicative of a Fund s future performance. Additional performance information and a discussion of performance are included in each Fund s most recent report to shareholders.

	1 Year	3 Years	5 Years	10 Years
Acquiring Fund (VLT)	[___]%	[___]%	[___]%	[___]%
MSY	[___]%	[___]%	[___]%	[___]%
Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index	[___]%	[___]%	[___]%	[___]%

As of [_____], 2012, the Target Fund had a monthly distribution yield of [___]% per share, and the Acquiring Fund had a monthly distribution yield of [___]% per share.

After-tax returns are calculated using the historical highest individual federal marginal income tax rates and do not reflect the impact of state and local taxes. Actual after-tax returns depend on an investor s tax situation and may differ from those shown, and after-tax returns shown are not relevant to investors who hold their Common Shares through tax-deferred arrangements, such as 401(k) plans or individual retirement accounts.

How do the management, investment adviser and other service providers of the Funds compare?

Each Fund is overseen by a Board that is comprised of some of the same individuals (described in Proposals 3 and 4) and each Fund s affairs are managed by the same officers with minor exceptions, as described in Exhibit F. The Adviser, a registered investment adviser, serves as investment adviser for each Fund pursuant to an investment advisory agreement that contains substantially identical terms (except for fees) for each Fund. The Adviser oversees the management of each Fund s portfolio, manages each Fund s business affairs and provides certain clerical, bookkeeping and other administrative services. The Adviser has acted as an investment adviser since its organization in 1976. As of [___], 2012, the Adviser had $[300.3] billion under management. The Adviser is located at 1555 Peachtree Street, N.E., Atlanta, Georgia 30309.

The Adviser is an indirect, wholly owned subsidiary of Invesco Ltd (Invesco). Invesco is a leading independent global investment management company, dedicated to helping people worldwide build their financial security. Invesco provides a comprehensive array of enduring solutions for retail, institutional and high-net-worth clients around the world. Operating in [20] countries, Invesco had $[418.8] billion in assets under management as of [___], 2012. Invesco is organized under the laws of Bermuda, and its common shares are listed and traded on the NYSE under the symbol IVZ. Invesco is located at 1555 Peachtree Street, N.E., Atlanta, Georgia 30309.

All of the ordinary business expenses incurred in the operations of a Fund are borne by the Fund unless specifically provided otherwise in the advisory agreement. Expenses borne by the Funds include but are not limited to brokerage commissions, taxes, legal, accounting, auditing, or governmental fees, the cost of preparing share certificates, custodian, transfer and shareholder service agent costs, expenses of registering and qualifying shares for sale, expenses relating to Trustee/Director and shareholder meetings, the cost of preparing and distributing reports and notices to shareholders, and the fees and other expenses incurred by the Funds in connection with membership in investment company organizations.

A discussion of the basis for each Board s most recent approval of each Fund s investment advisory agreements is included in the Fund s semiannual report for the six months ended August 31, 2011.

The following table compares the contractual advisory fee rates of the Funds.

MSY	Acquiring Fund (VLT)
0.70%	0.70%

The Target Fund calculates its advisory fee as a percentage of the Fund s net assets, which generally means the Fund s assets minus its liabilities. The Acquiring Fund calculates its advisory fee as a percentage of its managed assets, which for this purpose means the Acquiring Fund s net assets plus the amount attributable to any borrowing or other leverage (whether or not such borrowed amounts are reflected in the Acquiring Fund s financial statements for purposes of generally accepted accounting principles), including any preferred shares. As a result, the actual amount paid by the Acquiring Fund, as a percentage of NAV, will exceed the contractual rate set out above to the extent the Acquiring Fund has borrowed money or incurred other leverage. Because managed assets exceed net assets for a Fund that has borrowed money or incurred other leverage, even if the Funds contractual advisory fee rates were the same, the advisory fees paid by the Acquiring Fund, as a percentage of NAV, will exceed the advisory fees paid by the

Target Fund, as a percentage of NAV. For more information, see the table above under How do the Funds expenses compare?

Contingent on the completion of the Merger, the Adviser has contractually agreed through [_______] to waive advisory fees and/or reimburse expenses to the extent necessary to limit total annual operating expenses of the Acquiring Fund to [2.02%], subject to certain exceptions.

Each Fund s advisory agreement provides that the Adviser may delegate any and all of its rights, duties, and obligations to one or more wholly owned affiliates of Invesco as sub-advisers (the Invesco Sub-Advisers). Pursuant to the Funds Master Intergroup Sub-Advisory Contracts, the Invesco Sub-Advisers may be appointed by the Adviser from time to time to provide discretionary investment management services, investment advice, and/or order execution services to a Fund. Each Invesco Sub-Adviser is registered with the SEC as an investment adviser.

Other key service providers to the Target Fund, including the administrator, transfer agent, custodian, and auditor, provide substantially the same services to the Acquiring Fund. Each Fund has entered into a master administrative services agreement with the Adviser, pursuant to which the Adviser performs or arranges for the provision of accounting and other administrative services to the Funds which are not required to be performed by the Adviser under its investment advisory agreements with the Funds. The custodian for the Funds is State Street Bank and Trust Company, One Lincoln Street, Boston, Massachusetts 02111. The transfer agent and dividend paying agent for the Funds is Computershare Trust Company, N.A., P.O. Box 43078, Providence, Rhode Island 02940-3078.

Does the Acquiring Fund have the same portfolio managers as the Target Fund?

Yes. The portfolio management team for the Target Fund is the same as the portfolio management team for the Acquiring Fund. Information on the portfolio managers of the Funds is included below under Additional Information About the Funds and the Merger Portfolio Managers and in the SAI.

How do the distribution policies of the Funds compare?

The Acquiring Fund declares and pays dividends monthly from net investment income to shareholders. The Target Fund declares dividends daily and pays dividends monthly from net investment income to shareholders. Distributions from net realized capital gain, if any, are generally paid annually. Each Fund may also declare and pay capital gains distributions more frequently, if necessary, in order to reduce or eliminate federal excise or income taxes on the Fund. Each Fund offers a dividend reinvestment plan, which is fully described in the Fund s shareholder reports.

Will there be any tax consequences resulting from the Merger?

The Merger is designed to qualify as a tax-free reorganization for federal income tax purposes and each Fund anticipates receiving a legal opinion to that effect (although there can be no assurance that the Internal Revenue Service will adopt a similar position). This means that the shareholders of the Target Fund will recognize no gain or loss for federal income tax purposes upon the exchange of all of their shares in the Target Fund for shares in the Acquiring Fund. Shareholders should consult their tax advisor about state and local tax consequences of the Merger, if any, because the information about tax consequences in this Proxy Statement relates only to the federal income tax consequences of the Merger.

Prior to the closing of the Merger, the Target Fund will declare one or more dividends, and the Acquiring Fund may, but is not required to, declare a dividend, payable at or near the time of closing to their respective shareholders to the extent necessary to avoid entity level tax or as otherwise deemed desirable. Such distributions, if made, are anticipated to be made in the 2012 calendar year and may be taxable to shareholders in such year. Any such final distribution paid to Common Shareholders by the Target Fund will be made in cash and not reinvested in additional Common Shares of the Target Fund. See the discussion under Description of Securities to be Issued Dividend Reinvestment Plan for further information.

When is the Merger expected to occur?

If shareholders of the Target Fund and the Acquiring Fund approve the Merger and the Redomestication (Proposal 1), it is anticipated that the Merger will occur in the third quarter of 2012.

What will happen if shareholders of a Fund do not approve the Merger?

If the Merger is not approved by shareholders or is for other reasons unable to be completed, the Funds will continue to operate and each Fund s Board will consider other possible courses of action for the Fund.

What if I do not wish to participate in the Merger?

If you are a Target Fund Common Shareholder and you do not wish to have your Target Fund Common Shares exchanged for Common Shares of the Acquiring Fund, you may sell your Target Fund Common Shares on an Exchange prior to the consummation of the Merger. Target Fund Common Shareholders will not have the right to dissent and obtain payment of the fair value of their shares. Acquiring Fund Common Shareholders may also sell their Common Shares if they do not want to continue to own Common Shares in the combined Fund following the Merger. If you sell your Common Shares, you will incur any applicable brokerage charges, and if you hold Common Shares in a taxable account, you will recognize a taxable gain or loss based on the difference between your tax basis in the Common Shares and the amount you receive for them. After the Merger, you may sell your Common Shares of the Acquiring Fund on an Exchange.

Where can I find more information about the Funds and the Merger?

The remainder of this Proxy Statement contains additional information about the Funds and the Merger, as well as information on the other proposals to be voted on at the Meeting. You are encouraged to read the entire document. Additional information about each Fund can be found in the SAI and in the Fund s shareholder reports. If you need any assistance, or have any questions regarding the Merger or how to vote, please call Invesco Client Services at (800) 341-2929.

ADDITIONAL INFORMATION ABOUT THE FUNDS AND THE MERGER

Principal Investment Strategies

The following section compares the principal investment strategies of the Target Fund with the principal investment strategies of the Acquiring Fund and highlights any key differences. In addition to the principal investment strategies described below, each Fund may use other investment strategies and is also subject to certain additional investment policies and limitations, which are described in the SAI and in each Fund s shareholder reports. Page [__] of this Proxy Statement describes how you can obtain copies of these documents.

The Funds generally invest in the same types of fixed-income securities and their investment strategies principally differ in the limitations placed on those investments. Specifically, the Acquiring Fund may invest a greater percentage of its assets in investment grade securities. In contrast, the Target Fund may invest a greater percentage of its assets (up to 100%) in foreign securities. Other differences in limitations on certain investments are described below.

In normal market conditions, at least 65% of the Acquiring Fund s assets will be invested in fixed-income securities. At least 80% of the Target Fund s assets will be invested in high yield securities issued by U.S. and non-U.S. corporate issuers, including issuers located in emerging markets. Under normal market conditions, each Fund invests in fixed income securities rated BB or lower by Standard & Poor s Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. (S&P) or Ba or lower by Moody s Investors Service, Inc. (Moody s), or securities that are not rated by either such rating agency but are believed by the Adviser to be of comparable quality. No limitation exists as to the minimum rating category in which either Fund may invest. The Target Fund, however, anticipates that under normal conditions no more than 25% of the Target Fund s total assets will be rated, at the time of investment, below B by Moody s or S&P, or will be unrated and deemed by the Adviser to be of comparable quality. The Acquiring Fund does not have a similar limitation.

In addition, while the Target Fund may only invest up to 20% of its total assets in fixed-income securities rated investment grade (i.e., rated above BB or Ba by S&P or Moody s, respectively), the Acquiring Fund may invest up to 35% of its total assets in such securities. In addition, the Acquiring Fund may invest up to 100% of its total assets in such high rated securities (i) when the difference in yields between quality classifications is relatively narrow, (ii) when, consistent with seeking to maintain the dollar-weighted average maturity of the Acquiring Fund s portfolio of up to 12 years, high income producing fixed-income securities of appropriate maturities are unavailable or are available only at prices that the Adviser deems are unfavorable, or (iii) when the Adviser determines that market conditions warrant a temporary defensive policy.

The Acquiring Fund has a non-fundamental investment policy of maintaining a dollar-weighted average portfolio maturity of up to 12 years. The Target Fund does not have any similar policy and the Adviser may vary the average maturity of the securities in the Target Fund without limit. The Target Fund may invest or own securities of companies in various stages of financial restructuring, bankruptcy or reorganization, which are not currently paying interest or dividends to the extent that the total value, at time of purchase, of all such securities will not exceed 10% of the value of the Target Fund s total assets. The Acquiring Fund has no such limitation.

The Target Fund may invest up to 25% of its total assets in foreign securities and may invest up to 15% of its total assets in securities of issuers located in developing markets. In contrast, the Acquiring Fund may invest up to all of its assets in securities issued by foreign governments or foreign corporations, including securities of issuers in developing or emerging markets. However, the Acquiring Fund may not invest more than 30% of its total assets in non-U.S. dollar denominated securities.

Each Fund may invest in fixed and floating rate loans. Loans are typically arranged through private negotiations between the borrower and one or more lenders. Loans generally have a more senior claim in the borrower s capital structure relative to corporate bonds or other subordinated debt. The loans in which the Funds invest are generally in the form of loan assignments and participations of all or a portion of a loan from another lender. In the case of an assignment, a Fund acquires direct rights against the borrower on the loan, however, the Fund s rights and obligations as the purchaser of an assignment may differ from, and be more limited than, those held by the assigning lender. In the case of a participation, a Fund typically has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the participation and only upon receipt by the lender of the payments from the borrower. In the event of insolvency of the lender selling the participation, the Trust may be treated as a general creditor of the lender and may not benefit from any setoff between the lender and the borrower. The Target Fund may invest without limit in loans but the Acquiring Fund may only invest up to 20% of its total assets in loans. The Target Fund has a separate limitation on investing in bank loans and may only invest up to 20% of its assets in public bank loans made by banks or other financial institutions, which may be rated investment grade (Baa or higher by Moody s, BBB or higher by S&P) or below investment grade.

Each Fund may invest in zero coupon securities. The Acquiring Fund may invest up to 10% of its total assets in zero coupon securities, whereas the Target Fund has no such limitation. Similarly, each Fund may invest in convertible securities, however, the Target Fund may only invest up to 10% of its total assets in convertible securities, whereas the Acquiring Fund has no such limitation. In selecting convertible securities for the Acquiring Fund, the following factors, among others, will be considered by the Adviser: (1) the Adviser s own evaluations of the creditworthiness of the issuers of the securities; (2) the interest or dividend income generated by the securities; (3) the potential for capital appreciation of the securities and the underlying common stock; (4) the prices of the securities relative to the underlying common stocks; (5) the prices of the securities relative to other comparable securities; (6) whether the securities are entitled to the benefits of sinking funds or other protective conditions; (7) diversification of the Acquiring Fund s portfolio as to issuers and industries; and (8) whether the securities are rated by Moody s and/or S&P and, if so, the ratings assigned.

Each Fund may invest up to 20% of its total assets in fixed-income securities that are not readily marketable, including securities restricted as to resale. No security that is not readily marketable will be acquired unless the Adviser believes such security to be of comparable quality to publicly-traded securities. Certain fixed-income securities are somewhat liquid and may become more liquid as secondary markets for these securities continue to develop. These securities will be included in, or excluded from, the 20% limitation on a case-by-case basis by the Adviser, depending on the perceived liquidity of the security and market involved.

Fixed-income securities which may be acquired by the Acquiring Fund include all types of debt obligations having varying terms with respect to security or credit support, subordination, purchase price, interest payments and maturity. Such obligations may include, for example, bonds, debentures, notes and obligations issued or guaranteed by the United States government or any of its political subdivisions, agencies or instrumentalities. Fixed-income securities which may be acquired by the Acquiring Fund also include preferred stocks that have cumulative or non-

cumulative dividend rights. Likewise, the Target Fund s investments in government and government-related debt securities may consist of (i) debt securities or obligations issued or guaranteed by governments, governmental agencies or instrumentalities and political subdivisions located in developing countries, (ii) debt securities or obligations issued by government owned, controlled or sponsored entities located in developing countries, and (iii) interests in issuers organized and operated for the purpose of restructuring the investment characteristics of instruments issued by any of the entities described above. Each Fund may also invest in pay-in-kind and deferred payment securities.

For the Acquiring Fund, the foregoing percentage and rating limitations apply at the time of acquisition of a security based on the last previous determination of the Acquiring Fund s net asset value. Any subsequent change in any rating by a rating service or change in percentages resulting from market fluctuations or other changes in the Acquiring Fund s total assets will not require elimination of any security from the Acquiring Fund s portfolio.

Each Fund may use derivative instruments for a variety of purposes, including hedging, risk management, portfolio management or to earn income. The derivative instruments and techniques that each Fund may use include futures and foreign currency forward contracts.

A futures contract is a standardized agreement between two parties to buy or sell a specific quantity of an underlying instrument at a specific price at a specific future time. The value of a futures contract tends to increase and decrease in tandem with the value of the underlying instrument. Futures contracts are bilateral agreements, with both the purchaser and the seller equally obligated to complete the transaction. Depending on the terms of the particular contract, futures contracts are settled through either physical delivery of the underlying instrument on the settlement date or by payment of a cash settlement amount on the settlement date.

In connection with each Fund s investments in foreign securities, each Fund also may enter into contracts with banks, brokers or dealers to purchase or sell securities or foreign currencies at a future date (forward contracts). A foreign currency forward contract is a negotiated agreement between the contracting parties to exchange a specified amount of currency at a specified future time at a specified rate. The rate can be higher or lower than the spot rate between the currencies that are the subject of the contract. Forward foreign currency exchange contracts may be used to protect against uncertainty in the level of future foreign currency exchange rates or to gain or modify exposure to a particular currency. In addition, each Fund may use futures to effect cross currency hedging or proxy hedging with respect to currencies in which the Fund has or expects to have portfolio or currency exposure. Cross currency hedges involve the sale of one currency against the positive exposure to a different currency and may be used for hedging purposes or to establish an active exposure to the exchange rate between any two currencies.

In addition to foreign currency forward contracts, the Acquiring Fund may purchase and sell foreign currency on a spot (i.e., cash) basis in connection with the settlement of transactions in securities traded in such foreign currency.

To the extent permitted by applicable law and each Fund s investment objectives, policies, and restrictions, each Fund may invest all or some of its short-term cash investments in money market funds, including money market funds advised or managed by the Adviser or its affiliates. When a Fund purchases shares of another investment company, including an affiliated money market fund, the Fund will indirectly bear its proportionate share of the advisory fees and other operating expenses of such investment company and will be subject to the risks associated with the portfolio investments of the underlying investment company.

More information on these and other investment strategies of the Funds is available in the SAI.

Principal Risks of an Investment in the Funds

A comparison of the principal risks associated with the Funds investment strategies is included above under How do the Funds principal risks compare? The following table provides further information on the principal risks of an investment in the Funds.

Principal Risk	Funds Subject to Risk
Market Risk. Market risk is the possibility that the market values of securities owned by the Fund will decline. The net asset value of the Fund will change with changes in the value of its portfolio securities, and the value of the Fund s investments can be expected to fluctuate over time. The financial markets in general are subject to volatility and may at times experience extreme volatility and uncertainty, which may affect all investment securities, including debt securities and derivative instruments. Volatility may be greater during periods of general economic uncertainty.	Both Funds
Risk of Investing in Medium and Lower-Grade Securities. Securities that are in the medium and lower-grade categories generally offer higher yields than are offered by higher-grade securities of similar maturities, but they also generally involve greater risks, such as greater credit risk, market risk, volatility and illiquidity risk. Secondary market prices of medium and lower-grade securities generally are less sensitive than higher-grade securities to changes in interest rates and are more sensitive to general adverse economic changes or specific developments with respect to the particular issuers. A significant increase in interest rates or a general economic downturn may significantly affect the ability of issuers of medium and lower-grade securities to pay interest and to repay principal, or to obtain additional financing, any of which could severely disrupt the market for medium and lower-grade securities and adversely affect the market value of such securities. Such events also could lead to a higher incidence of default by issuers of medium and lower-grade securities. In addition, changes in credit risks, interest rates, the credit markets or periods of general economic uncertainty can be expected to result in increased volatility in the price of medium and lower-grade securities and the net asset value of the Fund. Adverse publicity and investor perceptions, whether or not based on rational analysis, may affect the value, volatility and liquidity of medium and lower-grade securities. In the event that an issuer of securities held by the Fund experiences difficulties in the timely payment of principal and interest and such issuer seeks to restructure the terms of its borrowings, the Fund may incur additional expenses and may determine to invest additional assets with respect to such issuer or the project or projects to which the Fund s securities relate. Further, the Fund may incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of interest or the repayment of principal on its portfolio holdings and the Fund may be unable to obtain full recovery on such amounts. Investments in debt obligations that are at risk of or in default present special tax issues for the Fund. Federal income tax rules are not entirely clear about issues such as when the Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless securities, how payments received on obligations in default should be allocated between principal and interest and whether certain exchanges of debt obligations in a workout context are taxable. These and other issues will be addressed by the Fund, in the event it invests in or holds such securities, in order to seek to ensure that it distributes sufficient income to preserve its status as a	Both Funds

regulated investment company.

Interest Rate Risk. Because the Fund invests primarily in fixed income securities, the net asset value of the Fund can be expected to change as general levels of interest rates fluctuate. When interest rates decline, the value of a portfolio invested in fixed income securities generally can be expected to rise. Conversely, when interest rates rise, the value of a portfolio invested in fixed income securities generally can be expected to decline. The prices of longer term fixed income securities generally are more volatile with respect to changes in interest rates than the prices of shorter term fixed income securities. These risks may be greater in the current market environment because certain interest rates are near historically low levels.	Both Funds
Credit Risk. Credit risk refers to an issuer s ability to make timely payments of interest and principal when due. Fixed income securities are subject to the credit risk of nonpayment. The ability of issuers of fixed income securities to make timely payments of interest and principal may be adversely affected by, among other things, general economic downturns	Both Funds

Principal Risk	Funds Subject to Risk
and economic factors affecting specific issuers. Nonpayment would result in a reduction of income to the Fund, and a potential decrease in the net asset value of the Fund. The Adviser continuously monitors the issuers of securities held in the Fund. The Fund will rely on the Adviser s judgment, analysis and experience in evaluating the creditworthiness of an issuer. In its analysis, the Adviser may consider the credit ratings of NRSROs in evaluating securities, although the Adviser does not rely primarily on these ratings. Credit ratings of NRSROs evaluate only the safety of principal and interest payments, not the market risk. In addition, ratings are general and not absolute standards of quality, and the creditworthiness of an issuer may decline significantly before an NRSRO lowers the issuer s rating. A rating downgrade does not require the Fund to dispose of a security.	
Income Risk. The income you receive from the Fund is based primarily on prevailing interest rates, which can vary widely over the short and long term. If interest rates decrease, your income from the Fund may decrease as well.	Both Funds
Risk of Investing in Loans. Loans are subject to credit risk, market risk, income risk and call risk similar to the corporate bonds in which the Fund invests. To the extent that the loans in which the Fund invests are medium- or lower-grade, such loans are subject to same type of risks generally associated with such medium- and lower-grade securities, as described above. Loans may have less credit risk than corporate bonds because loans generally have a more senior claim in the borrower s capital structure relative to corporate bonds or other subordinated debt. However, loans generally do not have as broad of a secondary market compared to corporate bonds and this may impact the market value of such loans and the Fund s ability to dispose of particular loans when necessary to meet the Fund s liquidity needs or in response to a specific economic event such as a deterioration in the creditworthiness of the borrower. The lack of a broad secondary market for loans may also make it more difficult for the Fund to value these securities and make their market values more volatile.	Both Funds
Risk of Investing in Bank Loans. By investing in a bank loan, the Fund becomes a member of a syndicate of lenders, who are typically represented by one or more lenders agents acting as agent for all the lenders. Certain public bank loans are illiquid, meaning the Fund may not be able to sell them quickly at a fair price, and may also be difficult to value. The secondary market for bank loans may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Bank loans are subject to the risk of default, which will increase in the event of an economic downturn or a substantial increase in interest rates. Because public bank loans usually rank lower in priority of payment to senior loans, they present a greater degree of investment risk due to the fact that the cash flow or other property of the borrower securing the bank loan may be insufficient to meet scheduled payments after meeting the payment obligations of the senior secured obligations of the borrower. Bank loans may therefore exhibit	Both Funds

greater price volatility. Bank loans that are rated below investment grade share the same risks of other below investment grade securities.	
Call Risk. If interest rates fall, it is possible that issuers of securities with high interest rates will prepay or call their securities before their maturity dates. In this event, the proceeds from the called securities would likely be reinvested by the Fund in securities bearing the new, lower interest rates, resulting in a possible decline in the Fund s income and distributions to shareholders.	Both Funds
Convertible Securities Risk. The values of convertible securities in which the Fund may invest may be affected by market interest rates. The values of convertible securities also may be affected by the risk of actual issuer default on interest or principal payments and the value of the underlying stock. Additionally, an issuer may retain the right to buy back its convertible securities at a time and price unfavorable to the Fund.	Both Funds

Principal Risk	**Funds Subject to Risk**
Risks of Using Derivative Instruments. A derivative instrument often has risks similar to its underlying instrument and may have additional risks, including imperfect correlation between the value of the derivative and the underlying instrument or instrument being hedged, risks of default by the other party to certain transactions, magnification of losses incurred due to changes in the market value of the securities, instruments, indices or interest rates to which they relate, and risks that the derivatives may not be liquid. The use of derivatives involves risks that are different from, and potentially greater than, the risks associated with other portfolio investments. Derivatives may involve the use of highly specialized instruments that require investment techniques and risk analyses different from those associated with other portfolio investments. Certain derivative transactions may give rise to a form of leverage. Leverage associated with derivative transactions may cause the Fund to liquidate portfolio positions when it may not be advantageous to do so to satisfy its obligations or to meet earmarking or segregation requirements, pursuant to applicable SEC rules and regulations, or may cause the Fund to be more volatile than if the Fund had not been leveraged. The Fund could suffer losses related to its derivative positions as a result of unanticipated market movements, which losses may potentially be unlimited. Although the Adviser may seek to use derivatives to further the Fund s investment objective, the Fund is not required to use derivatives and may choose not to do so and there is no assurance that the use of derivatives will achieve this result.	Both Funds
Counterparty Risk. The Fund will be subject to credit risk with respect to the counterparties to the derivative transactions entered into by the Fund. If a counterparty becomes bankrupt or otherwise fails to perform its obligations under a derivative contract due to financial difficulties, the Fund may experience significant delays in obtaining any recovery under the derivative contract in bankruptcy or other reorganization proceeding. The Fund may obtain only a limited recovery or may obtain no recovery in such circumstances.	Both Funds
Futures Risk. A decision as to whether, when and how to use futures involves the exercise of skill and judgment and even a well conceived futures transaction may be unsuccessful because of market behavior or unexpected events. In addition to the derivatives risks discussed above, the prices of futures can be highly volatile, using futures can lower total return, and the potential loss from futures can exceed the Fund s initial investment in such contracts.	Both Funds
Tax Risk. The use of derivatives may generate taxable income. In addition, the Fund s use of derivatives may be limited by the requirements for taxation as a regulated investment company or the Fund s intention to pay dividends that are exempt from federal income taxes. The tax treatment of derivatives may be adversely affected by changes in legislation, regulations or other legal authority, subjecting the Fund s shareholders to increased federal income tax liabilities.	Both Funds
Foreign Securities Risk. The dollar value of the Fund s foreign investments may be affected by changes in the exchange rates between the dollar and the currencies in which those investments are traded. The value of the Fund s foreign investments	Both Funds

may be adversely affected by political and social instability in their home countries, by changes in economic or taxation policies in those countries, or by the difficulty in enforcing obligations in those countries. Foreign companies generally may be subject to less stringent regulations than U.S. companies, including financial reporting requirements and auditing and accounting controls. As a result, there generally is less publicly available information about foreign companies than about U.S. companies. Trading in many foreign securities may be less liquid and more volatile than U.S. securities due to the size of the market or other factors.	
Emerging Markets Risk. The prices of securities issued by foreign companies and governments located in developing countries may be impacted by certain factors more than those in countries with mature economies. For example, developing countries may experience higher rates of inflation or sharply devalue their currencies against the U.S.	Both Funds

Principal Risk	Funds Subject to Risk
dollar, thereby causing the value of investments issued by the government or companies located in those countries to decline. Governments in developing markets may be relatively less stable. The introduction of capital controls, withholding taxes, nationalization of private assets, expropriation, social unrest, or war may result in adverse volatility in the prices of securities or currencies. Other factors may include additional transaction costs, delays in settlement procedures, and lack of timely information.	
Currency/Exchange Rate Risk. The dollar value of the Fund s foreign investments will be affected by changes in the exchange rates between the dollar and the currencies in which those investments are traded. The Fund may buy or sell currencies other than the U.S. dollar in order to capitalize on anticipated changes in exchange rates. There is no guarantee that these investments will be successful.	Both Funds
Liquidity Risk. Liquidity relates to the ability of a fund to sell a security in a timely manner at a price which reflects the value of that security. To the extent the Fund owns or may acquire illiquid or restricted securities, these securities may involve special registration requirements, liabilities and costs, and liquidity and valuation difficulties. The markets for lower-grade securities may be less liquid than the markets for higher-grade securities.	Both Funds
Preferred Securities Risk. There are special risks associated with investing in preferred securities. Preferred securities may include provisions that permit the issuer, in its discretion, to defer or omit distributions for a certain period of time. If the Fund owns a security that is deferring or omitting its distributions, the Fund may be required to report the distribution on its tax returns, even though it may not have received this income. Further, preferred securities may lose substantial value due to the omission or deferment of dividend payments.	Both Funds
Unrated Securities Risk. Many lower-grade securities are not listed for trading on any national securities exchange, and many issuers of lower-grade securities choose not to have a rating assigned to their obligations by any NRSRO. As a result, the Fund s portfolio may consist of a higher portion of unlisted or unrated securities as compared with an investment company that invests solely in higher-grade, listed securities. Unrated securities are usually not as attractive to as many buyers as are rated securities, a factor which may make unrated securities less marketable. These factors may limit the ability of the Fund to sell such securities at their fair value. The Fund may be more reliant on the Adviser s judgment and analysis in evaluating the creditworthiness of an issuer of unrated securities.	Both Funds
U.S. Government Obligations Risk. Obligations issued by U.S. government agencies and instrumentalities may receive varying levels of support from the government, which could affect the Fund s ability to recover should they default.	Both Funds
Zero Coupon / Pay-in-Kind Bond Risk. Prices on non-cash-paying instruments may be more sensitive to changes in the issuer s financial condition, fluctuations in	Both Funds

interest rates and market demand/supply imbalances than cash-paying securities with similar credit ratings, and thus may be more speculative than are securities that pay interest periodically in cash. These securities may subject the Fund to greater market risk than a fund that does not own these types of securities. Special tax considerations are associated with investing in non-cash-paying instruments, such as zero coupon or pay-in-kind securities. The Adviser will weigh these concerns against the expected total returns from such instruments. In addition, the Fund would be required to distribute the income on these instruments as it accrues, even though the Fund will not receive all of the income on a current basis or in cash. Thus, the Fund may have to sell other investments, including when it may not be advisable to do so, to make income distributions to the commons shareholders.

Additional information on these and other risks is available in the SAI.

Portfolio Managers

Peter Ehret, Darren Hughes and Scott Roberts are the portfolio managers for each Fund.

Mr. Ehret, Chartered Financial Analyst, has been managing the Funds since 2010. Mr. Ehret was associated with the Funds previous investment adviser or its investment advisory affiliates in an investment management capacity from 2001 to 2010 and began managing the Funds in 2010. Mr. Ehret earned a B.S. in economics with a minor in statistics from the University of Minnesota. He also earned an M.S. in real estate appraisal and investment analysis from the University of Wisconsin-Madison.

Mr. Hughes, Chartered Financial Analyst, has been managing the Funds since 2010. Mr. Hughes was associated with the Funds previous investment adviser or its investment advisory affiliates in an investment management capacity from 1992 to 2010 and began managing the Funds in 2010. Mr. Hughes earned a B.B.A. in finance and economics from Baylor University.

Mr. Roberts, Chartered Financial Analyst, has been managing the Funds since 2010. Mr. Roberts was associated with the Funds previous investment adviser or its investment advisory affiliates in an investment management capacity from 2000 to 2010 and began managing the Funds in 2010. Mr. Roberts earned a B.B.A. in finance from the University of Houston.

The SAI provides additional information about the portfolio managers compensation, other accounts managed by the portfolio managers, and the portfolio managers ownership of securities in each Fund.

Trading of Common Shares

Each Fund s Common Shares trade on the NYSE. The Acquiring Fund s Common Shares are also listed on the Chicago Stock Exchange. Generally, an investor purchasing a Fund s Common Shares enters into a purchase transaction on an Exchange through a broker-dealer and, thus, indirectly purchases the Common Shares from a selling Fund shareholder. A shareholder who sells a Fund s Common Shares generally sells them on an Exchange through a broker-dealer, and indirectly to another investor. Unlike a mutual fund (also called an open-end fund), holders of Common Shares of a Fund generally do not purchase and sell such Common Shares from and to the Fund, either directly or through an intermediary such as a broker-dealer. No brokerage charges will be imposed on any Fund s shareholders in connection with the Merger.

Capital Structures of the Funds

The Acquiring Fund is currently organized as a Massachusetts business trust and the Target Fund is currently organized as a Maryland corporation. The Acquiring Fund was organized on February 15, 1989, and the Target Fund was organized on September 23, 1993. As discussed under Proposal 1, before the closing of the Merger, the Funds will be reorganized as Delaware statutory trusts, which will have identical governing documents and capital structures. (Proposal 1 discusses the material differences between each Fund s current structure (Massachusetts business trust for the Acquiring Fund and Maryland corporation for the Target Fund) and its proposed Delaware statutory trust structure.) The Funds governing documents will therefore be substantially identical immediately prior to the Merger. Because each such Delaware statutory trust will have the same structure, each Fund s capital structure will not be affected by the Merger except that after the Merger each Fund s shareholders will hold shares of a single, larger fund.

Description of Securities to be Issued

Before the Merger can be completed, the Funds must have completed a redomestication to a Delaware statutory trust, as discussed in Proposal 1. Accordingly, the following discussion reflects that each Fund would be a Delaware statutory trust as of the time of the Merger. A discussion of the changes a Fund would undergo as part of a Redomestication is included under Proposal 1.

Each Common Share represents an equal proportionate interest with each other Common Share of the Fund, with each such share entitled to equal dividend, liquidation, redemption and voting rights. Each Fund s Common Shares have no preemptive, conversion or exchange rights, nor any right to cumulative voting.

As of the closing of the Merger, the Acquiring Fund will be authorized by its Amended and Restated Agreement and Declaration of Trust to issue an unlimited number of Acquiring Fund Common Shares, with no par value.

Dividends and Distributions. The Acquiring Fund declares and pays monthly dividends from net investment income to shareholders. The Target Fund declares dividends daily and pays monthly dividends from net investment income to shareholders. Distributions from net realized capital gain, if any, are generally paid annually. Each Fund may also declare and pay capital gains distributions more than once per year as permitted by law. Various factors will affect the level of a Fund s net investment income, such as its asset mix, its level of retained earnings, the amount of leverage utilized by the Fund and the effects thereof, and the movement of interest rates for municipal bonds. These factors, among others, may result in the Acquiring Fund s level of net investment income being different from the level of net investment income for the Target Fund or the Acquiring Fund if the Merger was not completed.

Target Fund Common Shareholders who own certificated shares will not receive their Acquiring Fund Common Shares or any dividend payments from the Acquiring Fund until their certificates are tendered. Target Fund Common Shareholders will, shortly after the closing of the Merger, receive instructions on how to tender any outstanding share certificates.

Dividend Reinvestment Plan. Each Fund offers a substantially identical dividend reinvestment plan for Common Shareholders. The Funds dividend reinvestment plans are fully described in the Funds shareholder reports. Any final distribution preceding the Merger made by the Target Fund or the Acquiring Fund will be made in cash, notwithstanding any shareholder s enrollment in the Fund s dividend reinvestment plan. Each Fund expects to amend its dividend reinvestment plan to provide for distributions to be made in cash in the event of transactions such as the Merger.

Provisions for Delaying or Preventing Changes in Control. Each Fund s governing documents contain provisions designed to prevent or delay changes in control of that Fund. Each Fund s Board of Trustees/Directors may cause the Fund to merge or consolidate with or into other entities; cause the Fund to sell, convey and transfer all or substantially all of the assets of the Fund; cause the Fund to convert to a different type of entity; or cause the Fund to convert from a closed-end fund to an open-end fund, each only so long as such action has previously received the approval of either (i) the Board, followed by the affirmative vote of the holders of not less than 75% of the outstanding shares entitled to vote; or (ii) the affirmative vote of at least two thirds (66 2/3%) of the Board and an affirmative Majority Shareholder Vote (which generally means the vote of a majority of the outstanding voting securities as defined in the 1940 Act of the Fund, with each class and series of shares voting together as a single class, except to the extent otherwise required by the 1940 Act). Under each Fund s governing documents that will be applicable as of the time of the Merger, shareholders will have no right to call special meetings of shareholders or to remove Trustees. In addition, each Fund s Board is divided into three classes, each of which stands for election only once in three years. As a result of this system, only those Trustees in any one class may be changed in any one year, and it would require two years or more to change a majority of the Trustees.

Pending Litigation

On January 17, 2011, a Consolidated Amended Shareholder Derivative Complaint (the Complaint) entitled *Clifford Rotz, et al. v. Van Kampen Asset Management et al.*, was filed on behalf of the Acquiring Fund, Invesco Van Kampen Advantage Municipal Income Trust II (VKI), Invesco Van Kampen Municipal Opportunity Trust (VMO), Invesco Van Kampen Municipal Trust (VKQ) and Invesco Van Kampen Senior Income Trust (VVR) (collectively, the Trusts) against Van Kampen Asset Management, Morgan Stanley and certain current and former executive officers of the Trusts (collectively, the Defendants) alleging that they breached their fiduciary duties to common shareholders by causing the Trusts to redeem Auction Rate Preferred Securities (ARPS) at their liquidation value. Specifically, the shareholders claim that the Board and officers had no obligation to provide liquidity to the ARPS shareholders, the redemptions were improperly motivated to benefit the prior adviser by preserving business relationships with the ARPS holders, *i.e.*, institutional investors, and the market value and fair value of the ARPS were less than par at the time they were redeemed. The Complaint alleges that the redemption of the ARPS occurred at the expense of the Trusts and their common shareholders. This Complaint amends and consolidates two separate complaints that were filed by Clifford T. Rotz, Jr., Robert Fast and Gene Turban on July 22, 2010, and by Harry Suleski, Leon McDermott, Marilyn Morrison and John Johnson on August 3, 2010. Each of the Trusts initially received a demand letter from the plaintiffs on April 8, 2010. Plaintiffs seek judgment that: 1) orders Defendants to refrain from redeeming any ARPS at their liquidation value using Trust assets; 2) awards monetary damages against all Defendants, individually, jointly or severally, in favor of the Trusts, for all losses and damages allegedly suffered as a result of the redemptions of ARPS at their liquidation value; 3) grants appropriate equitable relief to remedy the Defendants breaches of fiduciary duties; and 4) awards to plaintiffs the costs and disbursements of the action. The Board of each of the Trusts formed a Special Litigation Committee (SLC) to investigate these claims and to make a recommendation to the Board regarding whether pursuit of these claims is in the best interests of the Trusts. After reviewing the findings of the SLC, the Board announced on June 24, 2011, that it had adopted the SLC s recommendation to seek dismissal of the action. On October 4, 2011, the Trusts filed a motion to dismiss. This matter is pending.

Management of the Adviser and each of the Funds believe that the outcome of the proceedings described above will have no material adverse effect on the Funds or on the ability of the Adviser to provide ongoing services to the Funds.

Share Price Data

The NYSE is the principal trading market for each Fund s Common Shares. The following tables set forth the high and low sales prices and maximum premium/discount for each Fund s Common Shares for the periods indicated. [Common Shares of each Fund have historically traded at both a premium and discount to net asset value.]

Acquiring Fund (VLT)

	Price		**Net Asset Value**		**Premium/Discount**	
Quarterly Period Ending	**High**	**Low**	**High**	**Low**	**High**	**Low**
	$[___]	$[___]	$[___]	$[___]	[___]%	[___]%

MSY

	Price		**Net Asset Value**		**Premium/Discount**	
Quarterly Period Ending	**High**	**Low**	**High**	**Low**	**High**	**Low**
	$[___]	$[___]	$[___]	$[___]	[___]%	[___]%

The following table shows, as of [recent date], the NAV, market price, and premium or discount for Common Shares of each Fund.

	NAV	**Market Price**	**Premium (Discount)**
Acquiring Fund (VLT)	$[___]	$[___]	[___]%
MSY	$[___]	$[___]	[___]%

Common Shares of each Fund trade at a market price that is determined by current supply and demand conditions. The market price of a Fund s Common Shares may or may not be the same as the Fund s NAV that is, the value of the portfolio securities owned by the Fund less its liabilities. When the market price of a Fund s Common Shares exceeds its NAV, such shares are said to be trading at a premium. When the market price of a Fund s Common Shares is lower than its NAV, they are said to be trading at a discount. It is very difficult to identify all of the factors that may cause a closed-end fund s common shares to trade at a discount. It is often difficult to reduce or eliminate a closed-end fund s discount over the long term. Some short-term measures, such as share repurchases and tender offers, tend to reduce a closed-end fund s assets (and thereby potentially increase expense ratios), but do not typically have a long-term effect on the discount. Other measures, such as managed dividend programs, may not have a consistent long-term effect on discounts.

While the Board of each Fund has determined that the Merger is in the best interests of each Fund, there is no guarantee that the Merger will have any long-term effect or influence on whether the Acquiring Fund Common Shares trade at a discount or a premium after the Merger. Whether Common Shares had been trading at a premium or discount was not a significant factor in each Board s approval of the Merger Agreement and recommendation for approval to Fund shareholders. The Acquiring Fund s Board will continue to monitor any discount or premium at which the Acquiring Fund Common Shares trade after the Merger and will evaluate what (if any) further action is appropriate at that time to address any discount or premium.

Portfolio Turnover

The Funds historical portfolio turnover rates are similar. Because the Funds have similar investment policies, management does not expect to dispose of a material amount of portfolio securities of any Fund in connection with the Merger. No securities of the Target Fund need be sold in order for the Acquiring Fund to comply with its investment restrictions or policies. The Funds will continue to buy and sell securities in the normal course of their operations.

Terms and Conditions of the Merger

The terms and conditions under which the Merger may be consummated are set forth in the Merger Agreement. Significant provisions of the Merger Agreement are summarized below; however, this summary is qualified in its entirety by reference to the Merger Agreement, a form of which is attached as Exhibit E.

In the Merger, the Target Fund will merge with and into the Acquiring Fund pursuant to the Merger Agreement and in accordance with the Delaware Statutory Trust Act. As a result of the Merger, all of the assets and liabilities of the Target Fund will become assets and liabilities of the Acquiring Fund, and the Target Fund s shareholders will become shareholders of the Acquiring Fund.

Under the terms of the Merger Agreement, the Acquiring Fund will issue new Acquiring Fund Common Shares to be distributed to the Target Fund Common Shareholders. The number of Acquiring Fund Common Shares issued will be based on the relative NAVs and shares outstanding of the Acquiring Fund and the Target Fund as of the business day immediately preceding the Merger s closing date. All Acquiring Fund Common Shares issued pursuant to the Agreement will be fully paid and non-assessable, and will be listed for trading on the Exchanges. The terms of the Acquiring Fund Common Shares to be issued in the Merger will be identical to the terms of the Acquiring Fund Common Shares already outstanding.

Prior to the closing of the Merger, the Target Fund will declare one or more dividends, and the Acquiring Fund may, but is not required to, declare a dividend, payable at or near the time of closing to their respective shareholders to the extent necessary to avoid entity level tax or as otherwise deemed desirable. Such distributions, if made, are anticipated to be made in the 2012 calendar year and may be taxable to shareholders in such year. Any such final distribution paid to Common Shareholders by the Target Fund will be made in cash and not reinvested in additional Common Shares of the Target Fund. See the discussion under Description of Securities to be Issued Dividend Reinvestment Plan for further information.

If shareholders approve the Merger and if all of the closing conditions set forth in the Merger Agreement are satisfied or waived, including the condition that each Fund complete its Redomestication (Proposal 1), consummation of the Merger (the Closing) is expected to occur in the third quarter of 2012 on a date mutually agreed upon by the Funds (the Closing Date).

At the Closing, Acquiring Fund Common Shares will be credited to Target Fund Common Shareholders on a book-entry basis only. The Acquiring Fund will not issue certificates representing Common Shares in connection with the Merger, irrespective of whether Target Fund shareholders currently hold such shares in certificated form. At the Closing, all outstanding certificates representing Common Shares of the Target Fund will be cancelled. Target Fund shareholders who own certificated Common Shares will not receive dividend payments from the Acquiring Fund until their certificates are tendered to the Acquiring Fund. Target Fund Common Shareholders will, shortly after the closing of the Merger, receive instructions on how to tender any outstanding share certificates.

Each Fund will be required to make representations and warranties in the Merger Agreement that are customary in matters such as the Merger.

If shareholders of a Fund do not approve the Merger or if the Merger does not otherwise close, the Board will consider what additional action to take, including allowing the Fund to continue operating as it currently does. The Merger Agreement may be terminated and the Merger may be abandoned at any time by mutual agreement of the parties. The Merger Agreement may be amended or modified in a writing signed by the parties.

Additional Information About the Funds

As of the time of the Merger, each Fund will be a newly organized Delaware statutory trust, as discussed in Proposal 1. Each Fund is registered under the 1940 Act as a diversified, closed-end management investment company. Diversified means that the Fund is limited in the amount it can invest in a single issuer. A closed-end fund (unlike an open-end or mutual fund) does not continuously sell and redeem its shares; in the case of the Funds, Common Shares are bought and sold on the Exchanges. A management investment company is managed by an investment adviser the Adviser in the case of the Funds that buys and sells portfolio securities on behalf of the investment company.

Federal Income Tax Matters Associated with Investment in the Funds

The following information is meant as a general summary of certain federal income tax matters for U.S. shareholders. Please see the SAI for additional information. Investors should rely on their own tax advisor for advice about the particular federal, state and local tax consequences to them of investing in the Funds (for purposes of this section, the Fund).

The Fund has elected to be treated and intends to qualify each year (including the taxable year in which the Merger occurs) as a regulated investment company (RIC) under Subchapter M of the Code. In order to qualify as a RIC, the Fund must satisfy certain requirements regarding the sources of its income, the diversification of its assets and the distribution of its income. As a RIC, the Fund is not expected to be subject to federal income tax on the income and gains it distributes to its shareholders. If, for any taxable year, the Fund does not qualify for taxation as a RIC, it will be treated as a U.S. corporation subject to U.S. federal income tax, thereby subjecting any income earned by the Fund to tax at the corporate level and to a further tax at the shareholder level when such income is distributed. In lieu of losing its status as a RIC, the Fund is permitted to pay a tax for certain failures to satisfy the asset diversification test or income requirement, which, in general, are limited to those due to reasonable cause and not willful neglect, for taxable years of the Fund with respect to which the extended due date of the return is after December 22, 2010.

The Code imposes a 4% nondeductible excise tax on the Fund to the extent it does not distribute by the end of any calendar year at least the sum of (i) 98% of its taxable ordinary income for that year, and (ii) 98.2% of its capital gain net income (both long-term and short-term) for the one-year period ending, as a general rule, on October 31 of that year. For this purpose, however, any ordinary income or capital gain net income retained by the Fund that is subject to corporate income tax will be considered to have been distributed by year-end. In addition, the minimum amounts that must be distributed in any year to avoid the excise tax will be increased or decreased to reflect any underdistribution or overdistribution, as the case may be, from the previous year. The Fund anticipates that it will pay such dividends and will make such distributions as are necessary in order to avoid or minimize the application of this excise tax.

The Fund may distribute to its shareholders amounts that are treated as long-term capital gain or ordinary income (which may include short-term capital gains). These distributions may be subject to federal, state and local taxation, depending on a shareholder s situation. If so, they are taxable whether or not such distributions are reinvested. Net capital gain distributions (the excess of net long-term capital gain over net short-term capital loss) are generally taxable at rates applicable to long-term capital gains regardless of how long a shareholder has held its shares. Long-term capital gains are currently taxable to noncorporate shareholders at a maximum federal income tax rate of 15%. Absent further legislation, the maximum 15% rate on long-term capital gains will cease to apply to taxable years beginning after December 31, 2012. The Fund does not expect that any part of its distributions to shareholders from its investments will qualify for the dividends-received deduction available to corporate shareholders or as qualified dividend income available to noncorporate shareholders.

Distributions by the Fund in excess of the Fund s current and accumulated earnings and profits will be treated as a return of capital to the extent of the shareholder s tax basis in its shares and will reduce such basis. Any such amount in excess of that basis will be treated as gain from the sale of shares, as discussed below.

As a RIC, the Fund will not be subject to federal income tax in any taxable year on the income and gains it distributes to shareholders provided that it meets certain distribution requirements. The Fund may retain for investment some (or all) of its net capital gain. If the Fund retains any net capital gain or investment company taxable income, it will be subject to tax at regular corporate rates on the amount retained. If the Fund retains any net capital gain, it may designate the retained amount as undistributed capital gains in a notice to its shareholders who, if subject to federal income tax on long-term capital gains, (i) will be required to include in income for federal income tax purposes, as long-term capital gain, their share of such undistributed amount; (ii) will be entitled to credit their proportionate shares of the federal income tax paid by the Fund on such undistributed amount against their federal income tax liabilities, if any; and (iii) may claim refunds to the extent the credit exceeds such liabilities. For federal income tax purposes, the basis of shares owned by a shareholder of the Fund will be increased by an amount equal to the difference between the amount of undistributed capital gains included in the shareholder s gross income and the tax deemed paid by the shareholder under clause (ii) of the preceding sentence.

Dividends declared by the Fund to shareholders of record in October, November or December and paid during the following January may be treated as having been received by shareholders in the year the distributions were declared.

At the time of an investor s purchase of Fund shares, a portion of the purchase price may be attributable to realized or unrealized appreciation in the Fund s portfolio or to undistributed ordinary income or capital gains of the Fund. Consequently, subsequent distributions by the Fund with respect to these shares from such appreciation, income or gains may be taxable to such investor even if the net asset value of the investor s shares is, as a result of the distributions, reduced below the investor s cost for such shares and the distributions economically represent a return of a portion of the investment.

Each shareholder will receive an annual statement summarizing the shareholder s dividend and capital gains distributions.

The redemption, sale or exchange of shares normally will result in capital gain or loss to shareholders who hold their shares as capital assets. Generally, a shareholder s gain or loss will be long-term capital gain or loss if the shares have been held for more than one year. The gain or loss on shares held for one year or less will generally be treated as short-term capital gain or loss. Present law taxes both long-term and short-term capital gains of corporations at the same rates applicable to ordinary income. Long-term capital gains are currently taxable to noncorporate shareholders at a maximum federal income tax rate of 15%. As noted above, absent further legislation, the maximum 15% rate on long-term capital gains will cease to apply to taxable years beginning after December 31, 2012. If a shareholder sells or otherwise disposes of shares before holding them for more than six months, any loss on the sale or disposition will be treated as a long-term capital loss to the extent of any net capital gain distributions received by the shareholder. Any loss realized on a sale or exchange of shares of a Fund will be disallowed to the extent those shares of the Fund are replaced by other substantially identical shares of the Fund or other substantially identical stock or securities (including through reinvestment of dividends) within a period of 61 days beginning 30 days before and ending 30 days after the date of disposition of the original shares. In that event, the basis of the replacement shares of the

Fund will be adjusted to reflect the disallowed loss.

Under Treasury regulations, if a shareholder recognizes a loss with respect to Fund shares of $2 million or more for an individual shareholder, or $10 million or more for a corporate shareholder, in any single taxable year (or of certain greater amounts over a combination of years), generally the shareholder must file with the IRS a disclosure statement on Form 8886.

Shareholders that are exempt from U.S. federal income tax, such as retirement plans that are qualified under Section 401 of the Code, generally are not subject to U.S. federal income tax on otherwise-taxable Fund dividends or distributions, or on sales or exchanges of Fund shares unless the Fund shares are debt-financed property within the meaning of the Code.

Investments in debt obligations that are at risk of or in default present special tax issues for the Fund. Federal income tax rules are not entirely clear about issues such as when the Fund may cease to accrue interest, original issue discount or market discount, when and to what extent deductions may be taken for bad debts or worthless securities, how payments received on obligations in default should be allocated between principal and interest and whether certain exchanges of debt obligations in a workout context are taxable. These and other issues will be addressed by the Fund, in the event it invests in or holds such securities, in order to seek to ensure that it distributes sufficient income to preserve its status as a RIC.

If the Fund invests in certain pay-in-kind securities, zero coupon securities, deferred interest securities or, in general, any other securities with original issue discount (or with market discount if the Fund elects to include market discount in income currently), the Fund must accrue income on such investments for each taxable year, which generally will be prior to the receipt of the corresponding cash payments. However, the Fund must distribute to shareholders, at least annually, all or substantially all of its investment company taxable income (determined without regard to the deduction for dividends paid), including such accrued income, to qualify as a RIC and to avoid federal income and excise taxes. Therefore, the Fund may have to dispose of its portfolio securities under disadvantageous circumstances to generate cash, or may have to leverage itself by borrowing the cash, to satisfy these distribution requirements.

By law, if you do not provide the Fund with your proper taxpayer identification number and certain required certifications, you may be subject to backup withholding on any distributions of income, capital gains, or proceeds from the sale of your shares. The Fund also must withhold if the IRS instructs it to do so. When withholding is required, the amount will be 28% of any distributions or proceeds paid (for distributions and proceeds paid after December 31, 2012, the rate is scheduled to rise to 31% unless the 28% rate is extended or made permanent).

For taxable years beginning after December 31, 2012, an additional 3.8% Medicare tax will be imposed on certain net investment income (including ordinary dividends and capital gain distributions received from the Fund and net gains from redemptions or other taxable dispositions of Fund shares) of US individuals, estates and trusts to the extent that such person s modified adjusted gross income (in the case of an individual) or adjusted gross income (in the case of an estate or trust) exceeds a threshold amount.

The description of certain federal tax provisions above relates only to U.S. federal income tax consequences for shareholders who are U.S. persons, i.e., generally, U.S. citizens or residents or U.S. corporations, partnerships, trusts or estates, and who are subject to U.S. federal income tax and hold their shares as capital assets. Except as otherwise provided, this description does not address the special tax rules that may be applicable to particular types of investors, such as financial institutions, insurance companies, securities dealers, other regulated investment companies, or tax-exempt or tax-deferred plans, accounts or entities. Investors other than U.S. persons may be subject to different U.S. federal income tax treatment, including a non-resident alien U.S. withholding tax at the rate of 30% or any lower applicable treaty rate on amounts treated as ordinary dividends from the Fund, special certification requirements to avoid U.S. backup withholding and claim any treaty benefits and U.S. estate tax. Shareholders should consult their own tax advisors on these matters and on state, local, foreign and other applicable tax laws.

Under recently enacted legislation and administrative guidance, the relevant withholding agent may be required to withhold 30% of any (a) income dividends paid after December 31, 2013 and (b) certain capital gains distributions and the proceeds of a sale of shares paid after December 31, 2014 to (i) a foreign financial institution unless such foreign financial institution agrees to verify, report and disclose certain of its U.S. accountholders and meets certain other specified requirements or (ii) a non-financial foreign entity that is the beneficial owner of the payment unless such entity certifies that it does not have any substantial U.S. owners or provides the name, address and taxpayer identification number of each substantial U.S. owner and such entity meets certain other specified requirements.

Board Considerations in Approving the Merger

On June 1, 2010, Invesco acquired the retail fund management business of Morgan Stanley, which included 32 Morgan Stanley and Van Kampen branded closed-end funds. This transaction filled gaps in Invesco s product line and has enabled Invesco to expand its investment offerings to retail customers. The transaction also resulted in product overlap. The Merger proposed in this Proxy Statement is part of a larger group of mergers across Invesco s fund platform that began in early 2011. The larger group of mergers is designed to put forth Invesco s most compelling investment processes and strategies, reduce product overlap and create scale in the resulting funds.

Considerations of the Board of the Target Fund

The Board of the Target Fund (the Target Fund Board) created an ad hoc committee (the Ad Hoc Merger Committee) to consider the Merger and to assist the Target Fund Board in its consideration of the Merger. The Ad Hoc Merger Committee met separately two times, on October 17, 2011 and November 18, 2011 to discuss the proposed Merger. Two separate meetings of the Target Fund Board were also held to review and consider the Merger, including presentations by the Ad Hoc Merger Committee on its deliberations and, ultimately, recommendations. The directors of the Target Fund who are not interested persons, as that term is defined in the 1940 Act, (the Independent Directors) held a separate meeting in conjunction with the November 29-30, 2011 meeting of the full Board to consider these matters. The Independent Directors have been advised on this matter by independent legal counsel to the Independent Directors. The Target Fund Board requested and received from the Adviser written materials containing relevant information about the Funds and the proposed Merger, including fee and expense information on an actual and pro forma estimated basis, and comparative portfolio composition and performance data.

The Target Fund Board reviewed, among other information they deemed relevant, information comparing the following for each Fund: (1) investment objectives, policies and restrictions; (2) portfolio management; (3) portfolio composition; (4) comparative short-term and long-term investment performance and distribution yields; (5) current expense ratios and expense structures, including contractual investment advisory fees on a net asset basis and on a managed assets basis; (6) expected federal income tax consequences to the Funds, including any impact on capital loss carry forwards; (7) relative asset size; and (8) trading information such as trading premiums/discounts and bid/ask spreads.

The Target Fund Board considered the benefits to the Target Fund of (i) combining with a similar fund to create a larger fund, **[**(ii) the Adviser s paying [some of] the Merger costs], and (iii) the expected tax free nature of the Merger for the Target Fund and its shareholders for federal income tax purposes. In addition, the Target Fund Board considered the Acquiring Fund s contractual advisory fee rate in light of the benefits of retaining the Adviser as the Acquiring Fund s investment adviser, the services provided, and those expected to be provided, to the Acquiring Fund by the Adviser, and the terms and conditions of the Acquiring Fund s advisory agreement.

The Target Fund Board also considered the Merger in the context of the larger group of mergers, which were designed to rationalize the Invesco funds in a way that can enhance visibility in the market place. The Target Fund Board also considered the possible benefits that might accrue to a single, larger closed-end fund, including increased market liquidity and increased analyst coverage. The Target Fund Board discussed with the Adviser the possible alternatives to the Merger, including liquidation and maintaining the status quo, among other alternatives.

The Target Fund Board further considered that (i) the investment objective, strategies and related risks of the Target Fund and the Acquiring Fund are similar; (ii) the Funds have the same portfolio management team; (iii) shareholders would become shareholders of a single larger Fund; (iv) the Adviser s agreement to limit the Acquiring Fund s total expenses if the Merger is completed, as disclosed above on a pro forma basis, through June 30, 2014; and (v) the Adviser s representation that, because of the similarity between the Funds investment objectives and strategies, the costs associated with repositioning each Fund s investment portfolio in connection with the Merger would be minimal.

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Based upon the information and considerations described above, the Target Fund Board concluded that the Merger is in the best interests of the Target Fund and that no dilution of net asset value would result to the shareholders of the Target Fund from the Merger. Consequently, the Target Fund Board unanimously approved the Merger Agreement and the Merger on November 29, 2011.

Considerations of the Board of the Acquiring Fund

The Board of the Acquiring Fund (the Acquiring Fund Board) considered the Merger over a series of meetings. The Nominating Committee of the Acquiring Fund Board, which consists solely of trustees who are not interested persons, as that term is defined in the 1940 Act, of the Acquiring Fund (the Independent Trustees), met on November 1, 2011 to consider the Merger and to assist the Acquiring Fund Board in its consideration of the Merger. The Nominating Committee considered presentations from the Adviser on the proposed Merger and identified to the Adviser certain supplemental information to be prepared in connection with the presentation of the proposed Merger to the full Acquiring Fund Board. Prior the November 15, 2011 meeting of the full Acquiring Fund Board, the Acquiring Fund Board met in executive session with the Nominating Committee to discuss the Committee s consideration and review of the proposed Merger. The full Acquiring Fund Board met twice, on November 15, 2011 and November 28, 2011, to review and consider the Merger. The Acquiring Fund Board requested and received from the Adviser written materials containing relevant information about the Funds and the proposed Merger, including fee and expense information on an actual and pro forma estimated basis, and comparative portfolio composition and performance data.

The Acquiring Fund Board reviewed, among other information they deemed relevant, information comparing the following for each Fund on a current and pro forma basis: (1) investment objectives, policies and restrictions; (2) portfolio management; (3) portfolio composition; (4) comparative short-term and long-term investment performance and distribution yields; (5) expense ratios and expense structures, including contractual investment advisory fees and fee waiver agreements; (6) expected federal income tax consequences to the Funds, including any impact on capital loss carry forwards; (7) relative asset size; (8) trading information such as trading premiums/discounts for the Funds Common Shares; and (9) use of leverage and outstanding Preferred Shares. The Acquiring Fund Board discussed with the Adviser the Adviser s process for selecting and analyzing the Funds that had been proposed to participate in the Merger and possible alternatives to the Merger, including liquidation and maintaining stand alone funds, among other alternatives. The Acquiring Fund Board also discussed with the Adviser the Merger in the context of the larger group of completed and proposed reorganizations of funds in the fund complex, which were designed to rationalize the Invesco funds to seek to enhance visibility in the market place.

The Acquiring Fund Board considered the potential benefits to the Acquiring Fund of the Merger and reviewed the anticipated economic effects of the Merger on the combined fund s fees and expenses, earnings, distribution rates, undistributed net investment company income and market price of Common Shares. The Acquiring Fund Board considered that (1) the investment objective, strategies and related risks of the Target Fund and the Acquiring Fund are substantially the same; (2) the Funds have the same portfolio management teams; (3) shareholders would become shareholders of the larger combined fund; (4) the Acquiring Fund s management fee schedule will apply to the combined fund, (5) the Adviser s agreement to limit the Acquiring Fund s total expenses if the Merger is completed, as disclosed above on a pro forma basis, through June 30, 2014 and (6) the allocation of expenses of the Merger, [including the Adviser s paying [some of] the Merger costs].

The Acquiring Fund Board considered the potential benefits to the Acquiring Fund of the Merger, including (1) maintaining consistent portfolio management teams, processes and investment objectives; (2) reducing market confusion caused by similar product offerings; and (3) potential benefits resulting from the larger size of the combined fund, including the potential for (i) increased attention from the investment community, (ii) increased trading volume and tighter spreads and improved premium/discount levels for the combined fund s Common Shares, (iii) improved purchasing power and more efficient transaction costs, and (iv) increased diversification of portfolio investments. The Acquiring Fund Board also considered the expected tax free nature of the Merger for the Acquiring Fund and its shareholders for federal income tax purposes.

Based upon the information and considerations summarized above, the Acquiring Fund Board concluded that the Merger is in the best interests of the Acquiring Fund and the shareholders of the Acquiring Fund and that no dilution of net asset value would result to the shareholders of the Acquiring Fund from the Merger. Consequently, on November 28, 2011, the Acquiring Fund Board, including the Independent Trustees voting separately, unanimously approved the Merger Agreement and the Merger and unanimously recommended that the shareholders of Acquiring Fund vote in favor of the Merger.

Federal Income Tax Considerations of the Merger

The following is a general summary of the material U.S. federal income tax considerations of the Merger and is based upon the current provisions of the Code, the existing U.S. Treasury Regulations thereunder, current administrative rulings of the IRS and published judicial decisions, all of which are subject to change. These considerations are general in nature and individual shareholders should consult their own tax advisors as to the federal, state, local, and foreign tax considerations applicable to them and their individual circumstances. These same considerations generally do not apply to shareholders who hold their shares in a tax-deferred account.

The Merger is intended to be a tax-free reorganization pursuant to Section 368(a) of the Code. As described above, the Merger will occur following the Redomestication of the Target Fund and the Acquiring Fund. The principal federal income tax considerations that are expected to result from the Merger of the Target Fund into the Acquiring Fund are as follows:

- no gain or loss will be recognized by the Target Fund or the shareholders of the Target Fund as a result of the Merger;

- no gain or loss will be recognized by the Acquiring Fund as a result of the Merger;

- the aggregate tax basis of the shares of the Acquiring Fund to be received by a shareholder of the Target Fund will be the same as the shareholder s aggregate tax basis of the shares of the Target Fund; and

- the holding period of the shares of the Acquiring Fund received by a shareholder of the Target Fund will include the period that a shareholder held the shares of the Target Fund (provided that such shares of the Target Fund are capital assets in the hands of such shareholder as of the Closing).

Neither the Target Fund nor the Acquiring Fund have requested or will request an advance ruling from the IRS as to the federal tax consequences of the Merger. As a condition to Closing, Stradley Ronon Stevens & Young, LLP will render a favorable opinion to the Target Fund and the Acquiring Fund as to the foregoing federal income tax consequences of the Merger, which opinion will be conditioned upon, among other things, the accuracy, as of the Closing Date, of certain representations of the Target Fund and the Acquiring Fund upon which Stradley Ronon Stevens & Young, LLP will rely in rendering its opinion. Such opinion of counsel may state that no opinion is expressed as to the effect of the Merger on the Target Fund, the Acquiring Fund, or any Target Fund shareholder with respect to any transferred asset as to which any unrealized gain or loss is required to be recognized for federal income tax purposes at the end of a taxable year (or on the termination or transfer thereof) under a mark-to-market system of accounting. A copy of the opinion will be filed with the SEC and will be available for public inspection. See Where to Find Additional Information.

Opinions of counsel are not binding upon the IRS or the courts. If the Merger is consummated but the IRS or the courts determine that the Merger does not qualify as a tax-free reorganization under the Code, and thus is taxable, the Target Fund would recognize gain or loss on the transfer of its assets to the Acquiring Fund and each shareholder of the Target Fund would recognize a taxable gain or loss equal to the difference between its tax basis in its Target Fund shares and the fair market value of the shares of the Acquiring Fund it receives.

Prior to the closing of the Merger, the Target Fund will declare one or more dividends, and the Acquiring Fund may, but is not required to, declare a dividend, payable at or near the time of closing to their respective shareholders to the extent necessary to avoid entity level tax or as otherwise deemed desirable. Such distributions, if made, are anticipated to be made in the 2012 calendar year and may be taxable to shareholders in such year. Any such final distribution paid to Common Shareholders by the Target Fund will be made in cash and not reinvested in additional Common Shares of the Target Fund. See the discussion under Description of Securities to be Issued Dividend Reinvestment Plan for further information.

The tax attributes, including capital loss carryovers, of the Target Fund move to the Acquiring Fund in the Merger. The capital loss carryovers of the Target Fund and the Acquiring Fund are available to offset future gains recognized by the combined Fund, subject to limitations under the Code. Where these limitations apply, all or a portion of a Fund s capital loss carryovers may become unavailable the effect of which may be to accelerate the

recognition of taxable gain to the combined Fund and its shareholders post-Closing. *First*, the capital loss carryovers of each Fund that experiences a more than 50% ownership change in the Reorganization (e.g. in a reorganization of two Funds, the smaller Fund), increased by any current year loss or decreased by any current year gain, together with any net unrealized depreciation in the value of its portfolio investments (collectively, its aggregate capital loss carryovers), are expected to become subject to an annual limitation. Losses in excess of that limitation may be carried forward to succeeding tax years, subject, in the case of net capital losses that arise in taxable years beginning on or before December 22, 2010 as discussed below, to an overall eight-year carryover period. The annual limitation will generally equal the net asset value of the Acquiring Fund on the Closing Date multiplied by the long-term tax-exempt rate published by the IRS. If the Acquiring Fund has net unrealized built-in gains at the time of Closing of the Merger (i.e., unrealized appreciation in value of the Fund s investments), the annual limitation for a taxable year will be increased by the amount of such built-in gains that are recognized in the taxable year. *Second*, if a Fund has built-in gains at the time of Closing that are realized by the combined Fund in the five-year period following the Merger, such built-in gains, when realized, may not be offset by the losses (including any capital loss carryovers and built in losses) of the other Fund. *Third*, the capital losses of the Target Fund that may be used by the Acquiring Fund (including to offset any built-in gains of a Target Fund itself) for the first taxable year ending after the Closing Date will be limited to an amount equal to the capital gain net income of the Acquiring Fund for such taxable year (excluding capital loss carryovers) treated as realized post-Closing based on the number of days remaining in such year. *Fourth*, the Merger may result in an earlier expiration of a Fund s capital loss carryovers because the Merger may cause the Target Fund s tax year to close early in the year of the Merger.

The Regulated Investment Company Modernization Act of 2010 eliminated the eight-year carryover period for capital losses that arise in taxable years beginning after its enactment date (December 22, 2010) for regulated investment companies regardless of whether such regulated investment company is a party to a reorganization. Consequently, these capital losses can be carried forward indefinitely. However, capital losses incurred in pre-enactment taxable years may not be used to offset capital gains until all net capital losses arising in post-enactment taxable years have been utilized. As a result, some net capital loss carryovers incurred in pre-enactment taxable years which otherwise would have been utilized under prior law may expire.

The aggregate capital loss carryovers of the Funds and the approximate annual limitation on the use by the Acquiring Fund, post-Closing, of its aggregate capital loss carryovers following the Merger are as follows:

	MSY [Target Fund] (000,000s) at 8/31/2011	**VLT [Acquiring Fund] (000,000s) at 8/31/2011**
Aggregate Capital Loss Carryovers on a Tax Basis (1)	$(23.3)	$(34.6)
Unrealized Net Appreciation (Depreciation) in Investments on a Tax Basis	$(2.4)	$(2.2)
Aggregate Net Asset Value	$66.9	$57.3
Approximate Annual Limitation (2)	N/A	$2.0

(1) Based on capital loss carryovers at February 28, 2011; includes realized gain or loss for the current fiscal year determined on the basis of generally accepted accounting principles.

(2) Based on the long-term tax-exempt rate for ownership changes during December 2011 of 3.55%.

Based upon the Acquiring Fund s capital loss position at February 28, 2011, the annual limitation on the use of the Acquiring Fund s aggregate capital loss carryovers will likely limit the use of such losses by the Acquiring Fund, post-Closing, to offset capital gains, if any, it realizes. The effect of the annual limitation may be to cause the combined Fund, post-Closing, to distribute more capital gains in a taxable year than might otherwise have been the case if no such limitation had applied. The aggregate capital loss carryovers of the Target Fund may continue to be available, provided the Target Fund is the larger of the two Funds on the Closing Date. The ability of the Acquiring

Fund to absorb its own capital loss carryovers and those of the Target Fund post-Closing depends upon a variety of factors that cannot be known in advance. For more information with respect to each Fund s capital loss carryovers, please refer to the Fund s shareholder report.

Shareholders of the Target Fund will receive a proportionate share of any taxable income and gains realized by the Acquiring Fund and not distributed to its shareholders prior to the Merger when such income and gains are eventually distributed by the Acquiring Fund. As a result, shareholders of the Target Fund may receive a greater amount of taxable distributions than they would have had the Merger not occurred. In addition, if the Acquiring Fund following the Merger has proportionately greater unrealized appreciation in its portfolio investments as a percentage of its net asset value than the Target Fund, shareholders of the Target Fund, post-Closing, may receive greater amounts of taxable gain as such portfolio investments are sold than they otherwise might have if the Merger had not occurred. At August 31, 2011, the unrealized appreciation (depreciation) in value of the portfolio investments of the Target Fund on a tax basis as a percentage of its net asset value is (4%) compared to that of the Acquiring Fund of (4%), and (4%) on a combined basis.

After the Merger, shareholders will continue to be responsible for tracking the adjusted tax basis and holding period of their shares for federal income tax purposes.

Costs of the Merger

[The estimated total costs of the Merger for each Fund, as well as the estimated proxy solicitation costs for each Fund (which are part of the total Merger costs), are set forth in the table below.]

	Estimated Proxy Solicitation Costs	**Estimated Total Merger Costs**	**Estimated Portion of Total Merger Costs to be Paid by the Funds**
Acquiring Fund (VLT)	$[ ]	$[ ]	$[ ]
MSY	$[ ]	$[ ]	$[ ]

[The Adviser will bear the Merger costs of ____ Fund.**]** The costs of the Merger include legal counsel fees, independent accountant fees, expenses related to the printing and mailing of this Proxy Statement, listing fees for additional shares on the Exchanges, and fees associated with the proxy solicitation.]

Capitalization

The following table shows the number of shares of beneficial interest outstanding for each class of securities of the Acquiring Fund as of February 29, 2012. As of the time of the Merger (by which time each Fund will have been reorganized as a Delaware statutory trust, as discussed in Proposal 1), each Fund will be authorized to issue an unlimited number of preferred shares of beneficial interest and an unlimited number of common shares of beneficial interest, and no Fund will hold any of its shares for its own account.

Title of Class	**Amount Outstanding**
Common Shares of Beneficial Interest	[_____]

The following table sets forth as of February 29, 2012, the total net assets, number of shares outstanding and net asset value per share of each class of each Fund. This information is generally referred to as the capitalization of a Fund. The term *pro forma* capitalization means the expected capitalization of the Acquiring Fund after the Merger. The table shows *pro forma* capitalization giving effect to the proposed Merger with the Target Fund. The capitalizations of the Target Fund, the Acquiring Fund and their classes are likely to be different on the Closing Date as a result of daily market activity.

	MSY	**Acquiring Fund (VLT)**	***Pro Forma* Adjustments**	**Acquiring Fund *pro forma* (assumes the Merger is completed)**
Net assets (all classes)	$[____]	$[____]	$[___] [1]	$[____]
Common Shares Outstanding	[___]	[___]	[___]	[___]
Common Share NAV Per Share	$[____]	$[____]	$[___] [1]	$[____]

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[*Pro forma* net assets have been adjusted for the allocated portion of the Funds expenses to be incurred in connection with the Merger.]

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2 *Pro forma* shares outstanding have been adjusted for the accumulated change in the number of shares of the Target Fund s shareholder accounts based on the relative net asset value per Common Share of the Target Fund and the Acquiring Fund.

Where to Find More Information

The SAI contains further information on the Funds, including their investment policies, strategies and risks. Additional information is available in each Fund s shareholder reports.

THE BOARDS RECOMMEND THAT YOU VOTE FOR THE APPROVAL OF PROPOSAL 2.

PROPOSAL 3: ELECTION OF DIRECTORS BY THE TARGET FUND

At the Meeting, Common Shareholders of the Target Fund will vote on the election of the following six nominees for election as Directors: James T. Bunch, Bruce L. Crockett, Rodney F. Dammeyer, Jack M. Fields, Martin L. Flanagan and Carl Frischling. All nominees have consented to being named in this Proxy Statement and have agreed to serve if elected.

The following table indicates the Directors in each group of Directors standing for election in any given year and the period for which each group currently serves:

Group I*	Group II**	Group III***
Albert R. Dowden	David C. Arch	James T. Bunch
Prema Mathai-Davis	Frank S. Bayley	Bruce L. Crockett
Hugo F. Sonnenschein	Larry Soll	Rodney F. Dammeyer
Raymond Stickel, Jr.	Philip A. Taylor	Jack M. Fields
	Wayne W. Whalen	Martin L. Flanagan
		Carl Frischling