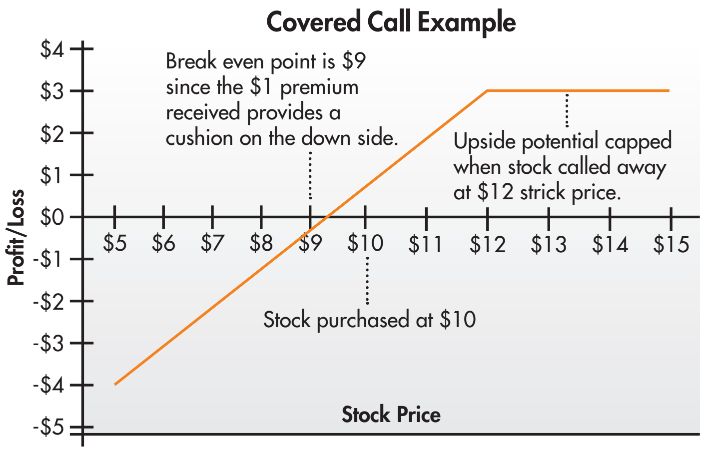
A·A·M
ADVISORS ASSET MANAGEMENT

What are Covered Calls?

Covered Calls employ an options strategy whereby the writer (seller) purchases shares of common stock and then writes a call option against those shares. The buyer of the call option pays a premium for the right to buy a certain number of shares at a predetermined price. Although they can be utilized in various market environments, covered calls can be used when the investor, while bullish on the underlying stock, feels that its market value will remain within a limited range over the lifetime of the call contract. The investor seeks to generate additional income (through call premiums) from shares of the underlying stock, and/or provide a limited amount of protection against a decline in the value of the underlying stock.



A covered call strategy is one of the more basic and widely used options strategies. Additionally, it is considered one of the more simple option positions because the strategy lowers downside risk should the stock price decline while limiting profit participation should the stock price rise. The strategy generates income because the writer keeps the premium. Covered call strategies can be found in various types of investments, such as unit investment trusts (UITs).

A general rule of thumb is to always consider the worst-case scenario of an investment before you invest, especially with regard to options. With covered calls, there are two possible negative outcomes.

First, the price of the stock declines whereby the writer of the call experiences the loss of still having ownership of the stock. For example, the writer of a covered call purchased stock ABC at $10 per share and sold a Jun 12 call for $1. If the price of the stock dropped to $6 per share and the call expires, the writer of the call would experience a loss of $3 per share (because writer received $1 per share for the call contract).

Second, the price of the stock rises substantially, forcing the writer to sell the stock at the call price and forgo the additional profit generated by the increased market price. Looking at the previous example, suppose that a large corporation bought ABC firm and the price of the stock doubled to $20 per share. In this scenario, the writer of the covered call would experience a gain of only $3 per share ($13-$10). If the covered call had not been written, the owner would have had a profit of $10.

Features of UITs with Covered Calls

Known Portfolio
Because of the portfolio's structure, you will always know what you own since the portfolio remains fixed over its life.

Convenience
With one low minimum purchase, investors can own a portfolio pursuing a covered call option writing strategy without making a substantial commitment of time or capital.

Distributions
Dividend income is expected to be paid quarterly with periodic repayment of principal.

Trustee Services
Custody and safekeeping of securities, collection and distribution of bond interest income and stock dividends, recordkeeping, administration, and annual tax reporting are provided by the Trustee, The Bank of New York.

Liquidity
You may redeem all or a portion of your units on any business day. Investment return and principal value will fluctuate with changes in market conditions. Units, when redeemed, may be worth more or less than their original purchase price, depending on the value of the underlying securities at that time.

Please see reverse for additional important information.

We view today's environment of expected low returns and high market volatility as constructive for incorporating a covered call strategy in your portfolio, since the benefit of premium income has the potetial to outweigh the cost of capped or limited upside.*

To discuss how a covered call strategy may fit into your portfolio, please contact a financial professional or visit www.aamlive.com.

Unit Investment Trusts (UITs) are sold only by prospectus. You should consider the trust's investment objectives, risks, charges and expenses carefully before investing. Contact your financial professional or visit Advisors Asset Management online at www.aamlive/uit.com to request a prospectus, which contains this and other information about the trust. Read it carefully before you invest or send any money. The risks associated with covered call option strategies include the ability of managers of the underlying funds to predict market movements, the adverse effects of less liquid or smaller markets, effects of legislative or litigation initiatives as well as limitations and various risks of options writing.

Covered Call: The strategy followed by the trust is a covered call option writing strategy. A writer (seller) of a covered call sells call options against a security currently held by the writer. The writer of a call option receives a cash premium for selling the call option but is obligated to sell the security at the strike price if the option is exercised.

*Risks associated with these strategies include the ability of the underlying fund managers to predict pertinent market movements, an increase in rates, a change in the actual or perceived volatility of the stock market and/or the common stocks subject to the option, a change in the dividend rate of the stuck subject to the option, the remaining time to expiration, the adverse effects on the value of the options if the market becomes smaller or less liquid, or if the issuers or industries represented are the subject of legislative initiatives or litigation, and the limitations and various risks of options writing. The call writing portion of the investment strategy of a closed-end fund may not be successful in that a fund may not realize the full appreciation of stocks on which the fund has written call options. Additionally, the use of options may require a fund in the portfolio to sell securities at inopportune times or for prices other than current market values or, may cause the fund to hold a security that it might otherwise sell.

18925 Base Camp Road • Monument, CO 80132 • www.aamlive.com