

REGISTRATION NOS. 333-\_\_\_\_\_  
811-08025

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
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Form N-2

[X] REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

Pre-Effective Amendment No. \_\_\_\_

Post-Effective Amendment No. \_\_\_\_

and

[X] REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940

Amendment No. 4

Global Income Fund, Inc.

11 Hanover Square, New York, New York 10005

(Address of Principal Executive Offices)

(212) 635-0671

(Registrant's Telephone Number, including area code)  
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Thomas B. Winmill, Esq.

Global Income Fund, Inc.

President, Chief Executive Officer and General Counsel

11 Hanover Square

New York, New York 10005  
-----

Copies to:

Stephanie A. Djinis, Esq.

Jean E. Minarick, Esq.

Law Offices of Stephanie A. Djinis

1749 Old Meadow Road

Suite 310

McLean, VA 22102  
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Approximate Date of Proposed Public Offering:

As soon as practicable after the effective date of this Registration Statement

Calculation of Registration Fee Under the Securities Act of 1933

<TABLE>

<CAPTION>

Title of Securities Being Registered	Proposed Maximum Amount Being Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
<S> Common Stock, \$0.01 par value	<C> 1,386,430 shares	<C> \$4.84	<C> \$6,710,321.20	<C> \$542.86

</TABLE>

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) under Securities Act of 1933. Based on the average of the high and low prices reported on the American Stock Exchange on December 5, 2003.

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 THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL

THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATES AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

GLOBAL INCOME FUND, INC.

\_\_\_\_\_ RIGHTS FOR \_\_\_\_\_ SHARES

Global Income Fund, Inc. (the "Fund") is issuing non-transferable rights (the "Rights") to its holders of common stock (the "Shares"). You will receive one Right for each outstanding Share of the Fund you own on \_\_\_\_\_, 2004 (the "Record Date"). These Rights entitle you to buy new Shares of the Fund. For every four Rights that you receive, you can buy one new Share of the Fund, plus, in certain circumstances, additional new Shares pursuant to an over-subscription privilege.

The Rights offering (the "Offer") seeks to reward existing Fund shareholders by giving them the opportunity to purchase additional Shares at a price below both market and net asset value (the "NAV") without paying any commissions or charges. The purchase price per Share (the "Purchase Price") will be the lower of \_\_\_% of (a) the Fund's NAV per Share or (b) the market price. For this purpose, the NAV per Share will be determined as of \_\_\_\_\_, 2004 (the "Pricing Date"), and the market price will be the average of the volume-weighted average sales price of a Share on the American Stock Exchange (the "AMEX") (symbol GIF) on the Pricing Date and the four preceding trading days. On \_\_\_\_\_, 2004, the last reported NAV per share of the Shares was \$ \_\_\_\_\_ and the last reported sales price per Share on the AMEX was \$ \_\_\_\_\_. The new Shares issued in this Offer also will be listed under the symbol GIF.

The Offer will expire at 5:00 p.m., New York time, on \_\_\_\_\_, 2004, unless the Offer is extended as described in this Prospectus (the "Expiration Date").

#### IMPORTANT DATES TO REMEMBER

EVENT	DATE
Record Date	
Offering Period*	
Expiration of the Offer*	
Payment for Guarantees of Delivery Due	
Confirmation Date	

\*Unless extended.

The primary investment objective of the Fund is to provide for its shareholders a high level of income and secondarily, capital appreciation. The Fund pursues its investment objectives by investing primarily in a global portfolio of investment grade fixed income securities. The Fund is a non-diversified, closed-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). An investment in the Fund is not appropriate for all investors. There is no assurance that the

Fund's investment objective will be achieved. FOR A DISCUSSION OF CERTAIN RISK FACTORS AND SPECIAL CONSIDERATIONS WITH RESPECT TO OWNING SHARES OF THE FUND, SEE "RISK FACTORS AND SPECIAL CONSIDERATIONS" ON PAGE \_\_\_ OF THIS PROSPECTUS. CEF Advisers, Inc. (the "Investment Manager") serves as investment manager to the Fund. The Fund's address is 11 Hanover Square, New York, NY 10005 and its telephone number is 1-212-635-0671.

This Prospectus contains information you should know before exercising your Rights, including information about risks. Please read it before you invest and keep it for future reference. A Statement of Additional Information, dated \_\_\_\_\_, 2004 (the "SAI"), containing information about the Fund, has been filed with the Securities and Exchange Commission ("SEC") and is incorporated by reference in its entirety into this Prospectus. The table of contents of the SAI appears on page \_\_\_ of this Prospectus. A copy of the SAI may be obtained by calling N.S. Taylor, the Information Agent at 1-866-470-4100 or at the SEC's website ([HTTP://WWW.SEC.GOV](http://WWW.SEC.GOV)). The SAI will be sent within two business days of receipt of a request.

Shareholder inquiries should be directed to the Information Agent, N.S. Taylor, at (866) 470-4100.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIME.

<TABLE>  
<CAPTION>

	PURCHASE PRICE	PROCEEDS, BEFORE SALES LOAD	EXPENSES, TO THE FUND (1)
<S>	<C>	<C>	<C>
Per Share.....	\$ _____	None	\$ _____
Total.....	\$ _____	None	\$ _____

(1) Estimated based on an estimated Purchase Price per Share of the lower of \_\_\_% of (a) the NAV per share of the Fund's Shares on \_\_\_\_\_, 2004 or (b) the average of the volume-weighted average sales prices of a Share on the AMEX on \_\_\_\_\_, 2004 and the four preceding trading days. Total offering expenses are estimated to be \$ \_\_\_\_\_.

SHAREHOLDERS WHO DO NOT EXERCISE THEIR RIGHTS WILL, AT THE COMPLETION OF THE OFFER, OWN A SMALLER PROPORTIONAL INTEREST IN THE FUND THAN IF THEY EXERCISED THEIR RIGHTS. AS A RESULT OF THE OFFER YOU WILL EXPERIENCE DILUTION OF THE AGGREGATE NAV OF YOUR SHARES BECAUSE THE FUND'S NAV PER SHARE WILL BE ABOVE THE PURCHASE PRICE ON THE EXPIRATION DATE. The Fund cannot state precisely the

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extent of any dilution at this time because the Fund does not know what the NAV per Share will be when the Offer expires or what proportion of the Rights will be exercised. The Investment Manager and its affiliated entities (the "Affiliated Parties") may also purchase new Shares through the Offer on the same terms as other shareholders.

\_\_\_\_\_, 2004

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PROSPECTUS SUMMARY

This summary highlights some information that is described more fully elsewhere in this Prospectus. It may not contain all of the information that is important to you. To understand the Offer fully, you should read the entire document carefully, including the risk factors which can be found on page \_\_, under the heading "Risk Factors and Special Considerations."

PURPOSES OF THE OFFER

The Offer seeks to reward existing shareholders by giving them the right to purchase Shares at a price that will be below both market and NAV without incurring any commission charge.

The Board of Directors of the Fund ("Board") has determined that (i) it would be in the best interests of the Fund and its existing shareholders to increase the assets of the Fund available for investment thereby permitting the Fund to be in a better position to more fully take advantage of investment opportunities that may arise, and (ii) the potential benefits of the Offer to the Fund and its shareholders will outweigh the dilution to shareholders who do not exercise all their Rights. The Rights Committee of the Board recommended to the Board, and the Board approved, the Offer. The Rights Committee of the Board consists of the three Directors who are not "interested persons" of the Fund under the 1940 Act ("Disinterested Directors"). See "Officers and Directors" in the SAI.

In reaching a decision to approve the Offer, the Board was advised by the Investment Manager regarding the investment of proceeds of the Offer in potential investment opportunities offering the Fund a potentially high level of income and capital appreciation without having to liquidate current holdings and to what extent the Fund may take advantage of these opportunities. The Board also considered the potential benefits of increasing the size of the Fund in order lower the Fund's expenses as a percentage of average net assets. The Investment Manager also advised the Board of its belief that increasing the total assets of the Fund may permit the Fund to obtain better execution prices for certain portfolio transactions.

Based on information provided by the Investment Manager, the Board believes that increasing the size of the Fund may lower the Fund's expenses as a proportion of average net assets because the Fund's fixed costs can be spread over a larger asset base. There can be no assurance, however, that by increasing the size of the Fund, the Fund's expense ratio will be lowered. The Board also believes that a larger number of outstanding Shares and a larger number of beneficial owners of Shares could increase the level of market interest in and visibility of the Fund and improve the trading liquidity of the Fund's Shares on the AMEX.

The Fund may, in the future and at its discretion, choose to make other rights offerings from time to time for a number of Shares and on terms which may or may not be similar to the Offer.

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IMPORTANT TERMS OF THE OFFER

Total number of Shares available for primary  
subscription..... \_\_\_\_\_  
Number of Rights you will receive  
for each outstanding Share you own  
on the Record Date..... 1 Right for 1 Share  
Number of Shares you may purchase with your  
Rights at the Purchase Price per Share\*..... 1 Share for every 4 Rights  
Purchase Price..... The lower of \_\_% of  
(a) the NAV per Share or  
(b) the market price\*\*

- \* Those exercising all their Rights may buy additional new Shares pursuant to an over-subscription privilege in certain circumstances.
- \*\* For this purpose, NAV per Share will be determined as of the Pricing Date, and the market price will be the average of the volume-weighted average sales price of a Share on the AMEX on the Pricing Date and the four preceding trading days.

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Shareholders with inquiries should call the Information Agent toll-free:  
N.S. Taylor, toll-free 1-866-470-4100

or the Investment Manager  
CEF Advisers, Inc. at 1-212-635-0671  
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#### ADDITIONAL TERMS OF THE OFFER

The Fund is issuing Rights to its shareholders of record ("Record Date Shareholders") as of the close of business on the Record Date. Holders of the Rights may subscribe for an aggregate of \_\_\_\_\_ Shares, par value \$0.01 per Share. Each Record Date Shareholder is being issued one Right for every one whole Share owned on the Record Date. The Rights entitle the Record Date Shareholder to acquire at the Purchase Price one Share for every four Rights held. Fractional Shares will not be issued upon the exercise of the Rights. Accordingly, new Shares may be purchased only pursuant to the exercise of Rights in integral multiples of four. Rights may be exercised at any time during the offering period (the "Offering Period"), which commences on \_\_\_\_\_, 2004 and ends at 5:00 p.m., New York City time, on \_\_\_\_\_, 2004 (the "Expiration Date"), unless extended by the Fund until 5:00 p.m., New York City time, on a date no later than \_\_\_\_\_, 2004. The right to acquire one Share for every four Rights held during the Offering Period at the Purchase Price is defined as the "Primary Subscription" and the Shares offered in the Primary Subscription are defined as the Primary Subscription Shares. The Rights will not be listed for trading on the AMEX or any other exchange.

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Record Date Shareholders, where the context requires, also include beneficial owners for whom Cede & Co. ("Cede"), nominee for The Depository Trust Company, or any other depository or nominee is the holder of record for Shares. In the case of Shares held of record by Cede or any other depository or nominee, beneficial owners for whom Cede or any other depository or nominee is the holder of record will be deemed to be the holders of the Rights that are issued to Cede or such other depository or nominee on their behalf, including for purposes of determining the maximum number of Shares a Record Date Shareholder may acquire pursuant to the Offer. Except as described below, subscription certificates evidencing the Rights ("Subscription Certificates") will be sent to Record Date Shareholders or their nominees.

Dividends, if any, are expected to be paid on Shares acquired in the Offer in \_\_\_\_\_, 2004.

#### OVER-SUBSCRIPTION PRIVILEGE

Those who exercise all their Rights in the Primary Subscription may request to buy the Primary Subscription Shares not bought by other Rights holders. If enough Primary Subscription Shares are available, all requests will be honored in full. The Fund may, in its sole discretion, issue more Shares in an amount up to 25% of the Primary Subscription Shares (the "Secondary Subscription Shares") to satisfy requests. Primary Subscription Shares not bought in the Primary Subscription and Secondary Subscription Shares collectively are referred to in this Prospectus as "Excess Shares." The entitlement to buy Excess Shares is called the "Over-Subscription Privilege." Over-Subscription Privilege requests are subject to allotment, which is more fully discussed under "The Offer - Over-Subscription Privilege."

#### METHOD FOR EXERCISING RIGHTS

If your Shares are held with a broker, bank or trust company

Contact your broker, bank, trust company, or other financial institution or nominee (an "Intermediary"), which can arrange, on your behalf, to guarantee delivery of payment and delivery of a properly completed and executed Subscription Certificate pursuant to a notice of guaranteed delivery ("Notice of Guaranteed Delivery"). The Notice of Guaranteed Delivery must be received by the Expiration Date. A properly completed and executed Subscription Certificate, together with payment of the Estimated Purchase Price of \$ \_\_\_\_ per Share, must be received by American Stock Transfer & Trust Company (the "Subscription Agent") by the close of business on the third business day after the Expiration Date, \_\_\_\_\_, 2004, unless the Offer is extended) or the Subscription Agent will not honor a Notice of Guaranteed Delivery. Final payment of the actual Purchase Price per Share must be received by the Subscription Agent within 10 business days after \_\_\_\_\_, 2004 (the "Confirmation Date").

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If your Shares are held by the Fund's transfer agent, American Stock Transfer & Trust Company

Complete and sign the Subscription Certificate. Mail it in the envelope provided or deliver it, together with payment of the Estimated Purchase Price of \$ \_\_\_\_ per Share, to the Subscription Agent at the address indicated on the Subscription Certificate. Your completed and signed Subscription Certificate and payment in good funds must be received prior to 5:00 p.m. Eastern time on the Expiration Date. Final payment of the actual Purchase Price per Share must be received by the Subscription Agent within 10 business days after the Confirmation Date. You may pay by personal check, money order, certified check or bank cashier's check. If you choose to pay by personal check, you will need to deliver your check to the Subscription Agent not less than five business days before the Expiration Date because your check must clear before the Expiration Date.

Because the Expiration Date is prior to the Pricing Date, shareholders who exercise their Rights will not know the Purchase Price at the time they exercise. Rights holders will have no right to rescind their subscription after the Subscription Agent has received payment. See "The Offer - Method of Exercise of Rights" and "The Offer - Payment for Shares." Subscription payments will be held by the Subscription Agent pending completion of the processing of the Subscription. No interest on subscription payments will be paid to subscribers.

#### OFFERING FEES AND EXPENSES

Offering expenses incurred by the Fund are estimated to be \$ \_\_\_\_\_.

#### RESTRICTIONS ON FOREIGN SHAREHOLDERS

The Fund will not mail Subscription Certificates to shareholders whose record addresses are outside the United States or who have an APO or FPO address. Shareholders whose addresses are outside the United States or who have an APO or FPO address and who wish to subscribe to the Offer either in part or in full should contact the Subscription Agent by written instruction or recorded telephone conversation no later than three business days prior to the Expiration Date. The Fund will determine whether the Offer may be made to any such shareholder. This Offer will not be made in any jurisdiction where it would be unlawful to do so.

#### USE OF PROCEEDS

The net proceeds of the Offer are estimated to be approximately \$ \_\_\_\_\_. This figure is based on the Purchase Price per share of \$ \_\_\_\_ and assumes all Primary Subscription Shares offered are sold and that the expenses related to the Offer estimated at approximately \$ \_\_\_\_\_ are paid.

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The Investment Manager expects to invest such proceeds in accordance with the Fund's investment objectives and policies within three months after receipt

of such proceeds, depending on market conditions for the types of securities in which the Fund principally invests. Pending such investment, the proceeds will be held in high quality short-term debt securities and instruments.

#### IMPORTANT DATES TO REMEMBER

Please note that the dates in the table below may change if the Offer is extended.

EVENT	DATE
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Record Date	
Offering Period*	
Expiration of the Offer**	
Payment for Guarantees of Delivery Due	
Confirmation Date	

\* To exercise their Rights, shareholders must deliver by 5:00 p.m. New York time on \_\_\_\_\_, 2004 either (a) a Subscription Certificate and payment for Shares or (b) a Notice of Guaranteed Delivery.

\*\* Unless the Offer is extended to a date no later than \_\_\_\_\_, 2004.

#### INFORMATION REGARDING THE FUND

The Fund, organized under the laws of the state of Maryland, commenced operations as a closed-end management investment company on February 7, 1997. The primary investment objective of the Fund is to provide for its shareholders a high level of income and secondarily, capital appreciation. The Fund pursues its investment objectives by investing primarily in a global portfolio of investment grade fixed income securities. The Fund is non-diversified and no assurance can be given that the Fund's investment objective will be achieved. See "Investment Objective and Policies." The Fund's Shares are listed and traded on the AMEX, symbol GIF). The average weekly trading volume of the Shares on the AMEX during the period \_\_\_\_\_ to \_\_\_\_\_ was \_\_\_\_\_ Shares.

The Fund currently pays quarterly dividends to shareholders. The amount of quarterly dividends reflects the managed distribution policy of the Fund. The policy is intended to provide shareholders with a relatively stable cash flow and reduce or eliminate the Fund's market price discount to its NAV per share. Distributions of approximately 7% of the Fund's NAV per Share on an annual basis have been paid primarily from ordinary income, with the balance representing a return of capital. The amount of distribution will vary depending on the NAV per Share at the time of declaration. There can be no assurance that the Fund will

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be able to maintain its current level of dividends, and the Board may, in its sole discretion, change the Fund's current dividend policy at any time. See "Dividends and Other Distributors."

#### INFORMATION REGARDING THE INVESTMENT MANAGER

The Investment Manager, a wholly-owned subsidiary of Winmill & Co. Incorporated ("WCI"), a publicly-owned company whose securities are listed on The Nasdaq Stock Market, serves as Investment Manager to the Fund. Bassett S. Winmill, a Director of the Fund, may be deemed a controlling person of WCI on the basis of his ownership of 100% of WCI's voting stock and, therefore, a controlling person of the Investment Manager. The Fund's portfolio manager is Ms. Marion E. Morris. Ms. Morris has been principally responsible for the Fund's portfolio investments since 2000 and is also Senior Vice President, Director of Fixed Income and a member of the Investment Policy Committee of the Investment Manager. From 1997 to 2000, she acted as general manager of Michael Trapp, a landscape designer. Previously, she served as Vice President of Salomon Brothers, The First Boston Corporation, and Cantor Fitzgerald.

For its services, the Investment Manager receives an investment management fee, payable monthly, based on the average weekly net assets of the Fund at the annual rate of 7/10ths of 1% of the first \$250 million, 5/8 of 1% from \$250 million to \$500 million, and 1/2 of 1% over \$500 million. The Investment Manager provides certain administrative services to the Fund at cost.

Because the Investment Manager's fees are based on the Fund's net assets,

the Investment Manager will benefit from an increase in the Fund's assets resulting from the Offer. See "The Offer - Purpose of the Offer."

## RISK FACTORS AND SPECIAL CONSIDERATIONS

The following summarizes some of the matters that a shareholder should consider before investing in the Fund through the Offer.

**Dilution** If a shareholder does not exercise all of his Rights, when the Offer is over such shareholder will own a relatively smaller percentage of the Fund than if such shareholder had exercised all his Rights. Further, as a result of the Offer a shareholder will experience dilution in NAV per share because the Purchase Price will be below the NAV per share on the Pricing Date whether or not the shareholder participates in the Offer. The Fund cannot state precisely the extent of the dilution if shareholders do not exercise all their Rights because the Fund does not know what the NAV per share will be on the Pricing Date or how many Rights will be exercised. See "Risk Factors and Special Considerations - Dilution."

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**Leverage** From time to time the Fund borrows money from banks (including its custodian bank), and may engage in reverse repurchase agreements and may issue senior securities, including debt and preferred stock, to purchase and carry securities and pays interest thereon. These practices are referred to as leverage, are speculative, and increase both investment opportunity and investment risk. If the investment income on securities purchased with leverage exceeds the interest paid on the leverage, the Fund's income will be correspondingly higher. If the investment income fails to cover the Fund's costs, including interest on leverage, or if there are losses, the NAV of the Fund's Shares will decrease faster than would otherwise be the case. When the Fund is leveraged, the 1940 Act requires the Fund to have asset coverage of at least 200% for preferred securities it has issued and 300% for its borrowings or the debt securities it has issued. Interest on money borrowed is an expense the Fund would not otherwise incur, and it may therefore have little or no investment income during periods of substantial borrowings. Use of leverage by the Fund will increase the Fund's total return only if returns on the Fund's use of the proceeds of such leverage exceed the cost of such leverage. Although there can be no assurance that the use of leverage will be successful, the Investment Manager believes that the ability to employ leverage may potentially increase yields and total returns. See "Risk Factors and Special Considerations -- Leverage."

**Market Value and Net Asset Value** Shares of closed-end funds frequently trade at a market price that is less than the value of the net assets attributable to those shares. The possibility that shares of the Fund will trade at a discount from NAV or at premiums that are unsustainable over the long term are risks separate and distinct from the risk that the Fund's NAV will decrease. The risk of purchasing shares of a closed-end fund that might trade at a discount or unsustainable premium is more pronounced for investors who wish to sell their shares

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in a relatively short period of time because, for those investors, realization of a gain or loss on their investments is likely to be more dependent upon the existence of a premium or discount than upon portfolio performance. See "Risk Factors and Special Considerations - Market Value and Net Asset Value."

**Anti-takeover** The Fund's Board has continuously availed itself of methods



provisions specifically provided by, or consistent with, Maryland law and the 1940 Act to protect the Fund and its shareholders. Accordingly, the Fund has certain provisions in its Charter and Bylaws (collectively, the "Governing Documents") that may be regarded as "anti-takeover" provisions. These provisions could have the effect of limiting (i) the ability of other entities or persons to acquire control of the Fund, (ii) the Fund's freedom to engage in certain transactions, or (iii) the ability of the Fund's directors or shareholders to amend the Governing Documents or effectuate changes in the Fund's management. The Fund is also subject to certain Maryland law provisions, including those which have been enacted since the inception of the Fund, that make it more difficult for non-incumbents to gain control of the Board. The overall effect of these provisions is to render more difficult the accomplishment of a merger with, or the assumption of control by a shareholder, or the conversion of the Fund to open-end status. These provisions may have the effect of depriving Fund shareholders of an opportunity to sell their shares at a premium above the prevailing market price. See "Certain Provisions of the Governing Documents."

**Non-Diversified Status** The Fund is non-diversified which means that more than 5% of the Fund's assets may be invested in the securities of one issuer. As a result, the Fund may hold a smaller number of issuers than if it were diversified. Investing in the Fund could involve more risk than investing in a fund that holds a broader range of securities because change in the financial condition of a single issuer could cause greater fluctuations in the Fund's total return. See "Risk Factors and Special Considerations - Non-Diversified Status."

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**Securities Issued by U.S. Government Sponsored Entities** The Fund may invest a portion of its assets in mortgage-backed securities issued by U.S. Government entities such as the Federal Home Loan Mortgage Corporation and similar U.S. Government sponsored entities such as the Federal National Mortgage Association and the Federal Home Loan Banks. Although these issuers may be chartered or sponsored by Acts of Congress, the securities issued by them are neither issued nor guaranteed by the U.S. Treasury.

**Foreign Securities** Investing in the securities of foreign issuers, which are generally denominated in foreign currencies, may involve certain risk and opportunity considerations not typically associated with investing in domestic issuers and could cause the Fund to be affected favorably or unfavorably by changes in currency exchange rates and revaluations of currencies. See "Investment Objectives and Policies" and "Risk Factors and Special Considerations."

**Dividends and Other Distributions** The Fund currently pays quarterly dividends to shareholders.

The amount of quarterly dividends reflects the managed distribution policy of the Fund. The policy is intended to provide shareholders with a relatively stable cash flow and reduce or eliminate the Fund's market price discount to its NAV per Share. Distributions of approximately 7% of the Fund's NAV per Share on an annual basis have been paid primarily from ordinary income, with the balance representing a return of capital. The amount of any distribution will vary depending on the NAV per Share at the time of declaration. There can be no assurance that the Fund will be able to maintain its current level of dividends, and the Board may, in its sole discretion, change the Fund's current dividend policy at any time. Whether the Offer is subscribed for or not, however, there can be no assurance that the Fund can or will maintain its current dividend policy or current level of dividends. See "Dividends and Other Distributions."

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Taxation Neither the receipt nor the exercise of the Rights will result in taxable income to the shareholders for federal income tax purposes. Shareholders will not realize a taxable loss if their Rights expire without being exercised. The Fund intends to continue to qualify for treatment as a regulated investment company for federal income tax purposes. Such qualification requires, among other things, compliance by the Fund with certain distribution requirements. See "Taxation" for a more complete discussion.

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#### FUND EXPENSES

The following tables are intended to assist investors in understanding the various costs and expenses that a shareholder of the Fund will bear, directly or indirectly.

Shareholder Transaction Expenses	None
----------------------------------	------

Annual Operating Expenses (as a percentage of net assets attributable to Shares)

Management Fees	0.70
Other Expenses	0.76*
Total Annual Operating Expenses	1.46

\*Other expenses are estimated for the current year.

#### Example

The following example demonstrates the projected dollar amount of total cumulative expense that would be incurred over various periods with respect to a hypothetical investment in the Fund's Shares. These amounts are based upon payment by the Fund of management fees and other expenses at the levels set forth in the above table.

An investor would directly or indirectly pay the following expenses on a \$1,000 investment in Shares, assuming (i) the market price at the time of investment was equal to the ("NAV") per Share, (ii) a 5% annual return and (iii) reinvestment of all distributions at NAV:

One Year	Three Years	Five Years	Ten Years
\$	\$	\$	\$

This Example assumes that the percentage amounts listed under Annual Expenses remain the same in the years shown. The above tables and the assumption in the example of a 5% annual return and reinvestment at NAV are required by regulation of the SEC and are applicable to all investment companies, and the assumed 5% annual return is not a prediction of, and does not represent, the projected performance of the Fund's Shares. Actual expenses and annual rates of return may be more or less than those allowed for purposes of this Example.

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THIS EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF FUTURE EXPENSES. THE FUND'S ACTUAL EXPENSES MAY BE MORE OR LESS THAN THOSE SHOWN.

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#### FINANCIAL HIGHLIGHTS

The financial highlights table is intended to help you understand the Fund's financial performance for the periods presented and reflects financial results for a single Fund share. The total returns in the table represent the

rate that an investor would have earned on an investment in the Fund (assuming reinvestment of all dividends and other distributions). The information for the six months ended June 30, 2003 has not been audited. The information for each of the five fiscal years in the period ended December 31, 2002 has been audited by Tait, Weller & Baker, independent accountants. The audited financial statement included in the Annual Report to the Fund's shareholders for the fiscal year ended December 31, 2002, together with the report of Tait, Weller & Baker thereon, and the unaudited financial statements included in the Semi-Annual Report to the Fund's shareholders for the six months ended June 30, 2003 are incorporated by reference into the Statement of Additional Information. Further information about the performance of the Fund is available in the Fund's 2002 Annual Report to shareholders and the Fund's Semi-Annual Report to shareholders dated June 30, 2003. The Statement of Additional Information, the Fund's 2002 Annual Report to shareholders and the Fund's Semi-Annual Report to shareholders dated June 30, 2003 may be obtained from the Fund free of charge by calling the Fund toll-free at 1-212-635-0671.

## FINANCIAL HIGHLIGHTS

<TABLE>  
<CAPTION>

	Six Months Ended						
	June 30, 2003 (Unaudited)	Years Ended December 31,			December		Years Ended June 30,
		2002	2001	2000	1999	1999	1998
	<C>	<C>	<C>	<C>	<C>	<C>	<C>
<b>PER SHARE DATA*</b>							
Net asset value at beginning of period .....	\$5.04	\$5.44	\$5.72	\$5.77	\$5.99	\$6.93	\$8.43
Income from investment operations:							
Net investment income .....	.10	.28	.32	.42	.23	.55	.52
Net realized and unrealized gain (loss) on investments .....	.18	(.18)	(.04)	.11	(.15)	(.81)	(1.18)
Total from investment operations .....	.28	.10	.28	.53	.08	(.26)	(.66)
Less distributions:							
Distributions to shareholders .....	(.20)	(.28)	(.36)	(.42)	(.23)	(.55)	(.52)
Tax return of capital to shareholders .....	--	(.22)	(.20)	(.16)	(.07)	(.13)	(.32)
Total distributions .....	(.20)	(.50)	(.56)	(.58)	(.30)	(.68)	(.84)
Net asset value at end of period.....	\$ 5.12	\$ 5.04	\$ 5.44	\$ 5.72	\$ 5.77	\$ 5.99	\$ 6.93
Per share market value at end of period .....	\$ 4.95	\$ 4.60	\$ 4.91	\$ 4.69	\$ 4.44	\$ 5.19	\$ 6.44
<b>TOTAL RETURN ON NET ASSET</b>							
VALUE BASIS (a) .....	5.56%	0.04%	2.33%	9.05%	2.52%	(2.23)%	(8.44)%
<b>TOTAL RETURN ON MARKET VALUE BASIS (a) ..</b>							
		11.81%	3.60%	15.94%	19.75%	(8.96)%	(8.85)% (15.65)%
<b>RATIOS/SUPPLEMENTAL DATA</b>							
Net assets at end of period (000's omitted) .....	\$28,265	\$27,589	\$29,110	\$29,783	\$29,060	\$29,600	\$33,024
Ratio of expenses before loan interest, commitment fees and nonrecurring expenses .....	1.46%**	1.44%	1.72%	1.38%	1.48%**	1.46%	1.58%
Ratio of total expenses to average net assets (b) .	1.46%**	1.44%	1.73%	2.69%	2.26%**	2.45%	3.52%
Ratio of net investment income to average net assets .....	4.10%**	5.35%	8.31%	9.21%**	8.95%	8.53%	
Portfolio turnover rate .....	35%	162%	160%	259%	115%	183%	328%

</TABLE>

\* Per share income and operating expenses and net realized and unrealized gain (loss) on investments have been computed using the average number of shares outstanding. These computations had no effect on NAV per share.

\*\* Annualized.

(a) Total return on market value basis is calculated assuming a purchase of common stock on the opening of the first day and a sale on the closing of the last day of each period reported. Dividends and distributions, if any, are assumed for purposes of this calculation, to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Generally, total return on NAV basis will be higher than total return on market value basis in periods where there is an increase in the discount or a decrease in the premium of the market

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value to the NAV from the beginning to the end of such periods. Conversely, total return on NAV basis will be lower than total return on market value basis in periods where there is a decrease in the discount or an increase in the premium of the market value to the NAV from the beginning to the end of such periods. Total return calculated for a period of less than one year is not annualized. The calculation does not reflect brokerage commissions, if any.

(b) Ratio after custodian credits was 2.66%, 2.24%\*\* , 2.43% and 3.42% for the years ended December 31, 2001, and 2000, the six months ended December 31, 1999 and the years ended June 30, 1999 and 1998, respectively. There were no custodian credits for the period ended June 30, 2003 and for the year ended December 31, 2002.

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## THE OFFER

### TERMS OF THE OFFER

The Fund is issuing Rights to Record Date Shareholders. Each Record Date Shareholder is being issued one Right for each whole Share owned on the Record Date. The Rights entitle the holder to acquire at the Purchase Price one Share for each four Rights held. Fractional shares will not be issued upon the exercise of the Rights. Accordingly, Shares may be purchased only by exercise of the Rights in integral multiples of four. Rights may be exercised at any time during the Offering Period, unless extended by the Fund to a date not later than \_\_\_\_\_, 2004, 5:00 p.m., New York time. See "Expiration of the Offer." The Right to acquire one additional Share for each four Rights held during the Offering Period at the Purchase Price will be referred to in the remainder of this Prospectus as the "Primary Subscription" and the Shares offered in the Primary Subscription will be referred to as the Primary Subscription Shares.

The Purchase Price will be the lower of \_\_% of (a) the Fund's NAV per Share or (b) the market price. For this purpose, NAV of the Fund's Shares will be determined as of the Pricing Date and the market price will be the average of the volume-weighted average sales prices of a Share on the AMEX on the Pricing Date and the four preceding trading days. Because the Expiration Date is prior to the Pricing Date, Rights holders who choose to exercise their Rights will not know the Purchase Price at the time they exercise their Rights.

Those who exercise all their Rights in the Primary Subscription may request to buy the Primary Subscription Shares not bought by other Rights holders. If enough Primary Subscription Shares are available, all requests will be honored in full. The Fund may, in its sole discretion, issue more Shares in an amount up to 25% of the Primary Subscription Shares (the "Secondary Subscription Shares") to satisfy requests. Primary Subscription Shares not bought in the Primary Subscription and Secondary Subscription Shares collectively are referred to in this Prospectus as "Excess Shares." The entitlement to buy Excess Shares is called the "Over-Subscription Privilege." Over-Subscription Privilege requests are subject to allotment, which is more fully discussed under "The Offer - Over-Subscription Privilege."

The Rights are evidenced by Subscription Certificates, which will be mailed to shareholders or their Intermediaries. The Rights will not be listed for trading on the AMEX or any other exchange.

### PURPOSE OF THE OFFER

The Offer seeks to reward existing shareholders by giving them the right to purchase Shares at a price that will be below both market and NAV without incurring any commission charge.

The Board of Directors of the Fund ("Board") has determined that (i) it would be in the best interests of the Fund and its existing shareholders to increase the assets of the Fund available for investment thereby permitting the Fund to be in a better position to more fully take advantage of investment opportunities that may arise, and (ii) the potential benefits of the Offer to the Fund and its shareholders will outweigh the dilution to shareholders who do not exercise all their Rights. The Rights Committee of the Board recommended to the Board, and the Board approved, the Offer. The Rights Committee of the Board consists of the three Directors who are not "interested persons" of the Fund under the 1940 Act ("Disinterested Directors"). See "Officers and Directors" in the SAI.

In reaching a decision to approve the Offer, the Board was advised by the Investment Manager regarding the investment of proceeds of the Offer in potential investment opportunities offering the Fund a potentially high level of income and capital appreciation without having to liquidate current holdings and to what extent the Fund may take advantage of these opportunities. The Board also considered the potential benefits of increasing the size of the Fund in order lower the Fund's expenses as a percentage of average net assets. The Investment Manager also advised the Board of its belief that increasing the total assets of the Fund may permit the Fund to obtain better execution prices for certain portfolio transactions.

Based on information provided by the Investment Manager, the Board believes that increasing the size of the Fund may lower the Fund's expenses as a proportion of average net assets because the Fund's fixed costs can be spread over a larger asset base. There can be no assurance, however, that by increasing the size of the Fund, the Fund's expense ratio will be lowered. The Board also believes that a larger number of outstanding Shares and a larger number of beneficial owners of Shares could increase the level of market interest in and visibility of the Fund and improve the trading liquidity of the Fund's Shares on the AMEX.

The Board also considered the proposed terms of the Offer, including the expenses of the Offer, and its dilutive effect, including the effect on non-exercising shareholders of the Fund. The Board considered, among other things, the benefits and drawbacks of conducting a non-transferable versus a transferable rights offering, the pricing structure of the Offer and the effect on the Fund if the Offer is undersubscribed. The Board also considered the impact of the Offer on its current policy to distribute, subject to market conditions, an amount equal to a percentage of the Fund's NAV. For further discussion of the impact of the Offer on the Fund's dividends, see "Risk Factors and Special Considerations - Dividends and Distributions; Return of Capital."

The Fund's Investment Manager will benefit from the Offer because its fee is based on the average net assets of the Fund. See "Management of the Fund." It is not possible to state precisely the amount of additional compensation the Investment Manager will receive as a result of the Offer because the net proceeds of the Offer will be invested in additional portfolio securities which will fluctuate in value. Assuming all Primary Subscription Shares are sold and that the Fund receives net of offering expenses the maximum proceeds of the Offer, however, the annual compensation to be received by the Investment Manager

would be increased by approximately \$ \_\_\_\_\_. Two of the Fund's Directors, who voted to authorize the Offer are "interested persons" of the Investment Manager within the meaning of the 1940 Act and may benefit indirectly from the Offer because of their interest in the Investment Manager. See "Officers and Directors" in the SAI.

The Fund may, in the future and at its discretion, choose to make other rights offerings from time to time for a number of shares and on terms which may or may not be similar to the Offer. Any such future rights offering will be made in accordance with the 1940 Act and the Securities Act of 1933. Under the laws of Maryland, the state in which the Fund is organized, and the Fund's Charter, the Board is authorized to make rights offerings without obtaining shareholder approval. The staff of the SEC has interpreted the 1940 Act as not requiring shareholder approval of a rights offering at a price below the then current NAV so long as certain conditions are met, including a good faith determination by

the Fund's Board of Directors that such offering would result in a net benefit to existing shareholders.

#### OVER-SUBSCRIPTION PRIVILEGE

Those who exercise all their Rights in the Primary Subscription may request to buy the Primary Subscription Shares not bought by other Rights holders. If enough Primary Subscription Shares are available, all requests will be honored in full. The Fund may, in its sole discretion, issue more Shares in an amount up to 25% of the Primary Subscription Shares (the "Secondary Subscription Shares") to satisfy requests. Primary Subscription Shares not bought in the Primary Subscription and Secondary Subscription Shares collectively are referred to in this Prospectus as "Excess Shares." The entitlement to buy Excess Shares is called the "Over-Subscription Privilege." Over-Subscription Privilege requests are subject to allotment, as described below.

Shareholders who exercise all of the Rights issued to them should indicate on the Subscription Certificate how many additional Shares they are requesting to buy through the Over-Subscription Privilege. If enough Excess Shares are available, all requests will be honored in full. If sufficient Excess Shares are not available, however, the available Excess Shares will be allocated pro rata among those who over-subscribe based on the number of Rights issued to them, i.e., in proportion to the number of Shares owned on the Record Date. For this purpose, broker-dealers whose Shares are held of record by an Intermediary, will be deemed to be the holders of the Rights that are issued to the Intermediary.

The number of Excess Shares each over-subscribing Record Date Shareholder may acquire will be rounded down to result in delivery of whole Shares. If a pro rata allocation results in any shareholder being allocated a greater number of Excess Shares than the shareholder subscribed for, then such shareholder will be allocated only such number of Excess Shares as such shareholder subscribed for and the remaining Excess Shares will be allocated among all other shareholders then entitled to receive Excess Shares whose over-subscription requests have not

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been fully honored. The allocation process may be iterative in order to assure that the total number of Excess Shares is distributed in accordance with the method described above.

The formula to be used in allocating the Excess Shares is as follows:

$$\frac{\text{Record Date Shareholder's Position} \quad \times \quad \text{Excess Shares Remaining}}{\text{Total Record Date Position of All Over-Subscribers}}$$

The Fund will not offer or sell any Shares which are not subscribed for under the Primary Subscription or the Over-Subscription Privilege.

#### THE PURCHASE PRICE

The Purchase Price for each Share to be issued pursuant to the Offer will be the lower of \_\_\_% of (a) the Fund's NAV per Share or (b) the market price. For this purpose, NAV per Shares will be determined as of the Pricing Date and the market price will be the average of the volume-weighted average sales price of a Share on the AMEX on the Pricing Date and the four preceding trading days. For example, if the NAV per Share on the Pricing Date is \$\_\_\_\_\_ and the volume-weighted average sales prices of a Share on the AMEX on the Pricing Date and the four preceding trading days is \$\_\_\_\_\_, the Purchase Price would be \$\_\_\_\_\_ (\_\_\_% of NAV per Share). If, however, the NAV per Share on the Pricing Date is \$\_\_\_\_\_ and the average of the volume-weighted average sales prices of a Share on the AMEX on the Pricing Date and the four preceding trading days is \$\_\_\_\_\_, the Purchase Price would be \$\_\_\_\_\_ (\_\_\_% of the market price).

The actual Purchase Price will not be determined until the Pricing Date. Therefore, shareholders wishing to exercise Rights must send to the Subscription Agent prior to the Expiration Date either: (i) the Estimated Purchase Price of \$\_\_\_\_\_ per Share, together with a completed Subscription Certificate, or (ii) a Notice of Guaranteed Delivery guaranteeing delivery of a properly completed and executed Subscription Certificate and payment for the Shares. See "The Offer -

Methods of Exercising Rights" and "The Offer - Payment for Shares."

The Fund announced the proposed Offer after the close of trading on the AMEX on \_\_\_\_\_, 2004. The last reported NAV per Share at the close of business on \_\_\_\_\_, 2004 (the last trading date on which the Fund publicly reported its NAV prior to the announcement of the Offer) and \_\_\_\_\_, 2004 (the last trading date on which the Fund publicly reported its NAV prior to the date of this Prospectus) was \$ \_\_\_\_ and \$ \_\_\_\_\_, respectively, and the volume-weighted average sales price of a Share on the AMEX on those dates were \$ \_\_\_\_ and \$ \_\_\_\_\_, respectively.

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#### EXPIRATION OF THE OFFER

The Expiration Date is 5:00 p.m., New York time, on \_\_\_\_\_, 2004, unless extended by the Fund. Rights will expire on the Expiration Date and may not be exercised after that date. Shareholders who choose to exercise their Rights will not know the Purchase Price when they decide whether to acquire Shares in the Primary Subscription or through the Over-Subscription Privilege.

#### SUBSCRIPTION AGENT

The Subscription Agent is American Stock Transfer & Trust Company. The Subscription Agent will receive, for its administrative, processing, invoicing and other services as Subscription Agent, an estimated fee of \$ \_\_\_\_\_ and reimbursement of all out-of-pocket expenses related to the Offer. The Subscription Agent is also the Fund's Transfer Agent and Stock Registrar.

#### INFORMATION AGENT

Any questions or requests for assistance may be directed to the Information Agent at the toll-free telephone number listed below:

N.S. Taylor  
Toll-free 1-866-470-4100

The Information Agent will receive for its services an estimated fee of \$ \_\_\_\_\_ and reimbursement of all out-of-pocket expenses.

#### METHOD OF EXERCISE OF RIGHTS

Shareholders whose Shares are held in an account with an Intermediary may exercise their Rights by requesting the Intermediary to guarantee delivery (using a Notice of Guaranteed Delivery) of a properly executed Subscription Certificate and payment for the Shares on the shareholder's behalf. The Intermediary may charge a fee for this service

Shareholders whose Shares are held in an account with the Fund's transfer agent or in certificate form may exercise their Rights by filling in and signing the reverse side of the Subscription Certificate and mailing it in the envelope provided, or otherwise delivering the completed and signed Subscription Certificate to the Subscription Agent, together with payment for the Shares as described below under "Payment for Shares." The instructions accompanying the Subscription Certificates should be read carefully and followed in detail. Do not send Subscription Certificates to the Fund.

The Subscription Certificate and payment should be delivered to the Subscription Agent, American Stock Transfer & Trust Company, by one of the following methods:

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(1) BY FIRST CLASS MAIL:  
American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, NY 10038

(2) BY EXPRESS MAIL OR OVERNIGHT COURIER:  
American Stock Transfer & Trust Company

59 Maiden Lane  
New York, NY 10038

(3) BY HAND:  
(9:00 a.m. - 5:00 p.m. New York City time)  
59 Maiden Lane  
Plaza Level  
New York, NY 10038

DELIVERY TO AN ADDRESS OTHER THAN THE ABOVE DOES NOT  
CONSTITUTE GOOD DELIVERY.

Completed Subscription Certificates must be received by the Subscription Agent prior to 5:00 p.m., New York time, on the Expiration Date (unless payment is to be effected by means of a Notice of Guaranteed Delivery (see "Payment for Shares")) at the offices of the Subscription Agent.

Intermediaries who hold shares for the account of others should notify the respective beneficial owners of such shares as soon as possible to ascertain such beneficial owners' intentions and to obtain instructions with respect to the Rights. If the beneficial owner so instructs, the Intermediary should complete the Subscription Certificate and submit it to the Subscription Agent, together with the proper payment described below under "Payment for Shares."

#### PAYMENT FOR SHARES

Shares bought through the Offer may be paid for by either of the following:

(1) Send a personal check, money order, certified check, or bank cashier's check, together with the Subscription Certificate, to the Subscription Agent based on the Estimated Purchase Price of \$ \_\_\_\_ per Share. All payments must be in U.S. dollars drawn on a bank located in the United State and payable to American Stock Transfer & Trust Company. Personal checks must be received by the Subscription Agent not less than five business days before the Expiration Date so the check may clear before the Expiration Date. Money orders, certified

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checks, and bank cashier's checks must be received by the Subscription Agent prior to 5:00 p.m., New York City time, on the Expiration Date.

(2) Intermediaries who delivered a Notice of Guaranteed Delivery to the Subscription Agent prior to the Expiration Date must send payment, together with the Subscription Certificate, to the Subscription Agent based on the Estimated Purchase Price of \$ \_\_\_\_\_ per Share. Such payment must be received by the Subscription Agent prior to 5:00 p.m., New York City time, on the third business day after the Expiration Date (\_\_\_\_\_, 2004, unless the Offer is extended).

The method of delivery of Subscription Certificates and payment will be at the election and risk of the shareholders, but if sent by mail it is recommended that such Subscription Certificates and payment be sent by registered mail, properly insured, with return receipt requested, and that a sufficient number of days be allowed to ensure delivery to the Fund and clearance of payment prior to 5:00 p.m., New York City time, on the Expiration Date.

A confirmation will be sent by the Subscription Agent to each subscribing shareholder (or, if the Fund's Shares on the Record Date are held by an Intermediary, to the Intermediary), by the Confirmation Date showing (i) the number of Shares acquired pursuant to the Primary Subscription, (ii) the number of Shares, if any, acquired pursuant to the Over-Subscription Privilege, (iii) the per Share and total Purchase Price for the Shares, and (iv) any additional amount payable by the shareholder to the Fund, or any overpayment to be refunded by the Fund to the shareholder that is a result of payment for Shares which the holder did not acquire or exceeded the aggregate Purchase Price of the Shares, as calculated based on the Purchase Price as determined on the Pricing Date. In the case of any shareholder who exercises his or her right to acquire Shares pursuant to the Over-Subscription Privilege, any amount which would otherwise have been refunded to the shareholder because it was not used toward payment of Shares in the Primary Subscription will be applied by the Fund toward payment for additional Shares acquired pursuant to the exercise of the Over-Subscription Privilege. Any additional payment required from a shareholder must be received by the Subscription Agent within ten business days after the Confirmation Date.



After all payments have been made for Shares acquired in the Offer, any remaining amounts will be refunded by the Subscription Agent to shareholders by mail within ten business days after the Confirmation Date. No interest will be paid on any such remaining amounts.

A SHAREHOLDER WILL HAVE NO RIGHT TO RESCIND A PURCHASE SUBSCRIPTION AFTER THE SUBSCRIPTION AGENT HAS RECEIVED PAYMENT EITHER BY MEANS OF A NOTICE OF GUARANTEED DELIVERY OR CHECK.

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If a shareholder exercises Rights for Shares in the Primary Subscription or requests Shares through the Over-Subscription Privilege, but does not make full payment for such Shares by the tenth business day after the Confirmation Date, the Fund reserves the right to take any or all of the following actions: (i) find other purchasers for such Shares; (ii) apply any payment actually received by it toward the purchase of the greatest whole number of Shares which could be acquired by such shareholder for such Shares; (iii) sell in the open market some or all of such Shares and apply the proceeds to the payment due; and (iv) exercise any and all other rights or remedies to which it may be entitled, including, without limitation, the right to set-off against payments actually received by it with respect to such Shares and to enforce the relevant guaranty of payment.

All questions concerning the timeliness, validity, form and eligibility of any exercise of Rights will be determined by the Fund, whose determinations will be final and binding. The Fund in its sole discretion may waive any defect or irregularity, or permit a defect or irregularity to be corrected within such time as it may determine, or reject the purported exercise of any Right. Subscriptions will not be deemed to have been received or accepted until all irregularities have been waived or cured within such time as the Fund determines in its sole discretion. The Fund will not be under any duty to give notification of any defect or irregularity in connection with the submission of Subscription Certificates or incur any liability for failure to give such notification.

#### DELIVERY OF SHARE CERTIFICATES

Shareholders whose Shares are held for them by an Intermediary will have any Shares they acquire in the Offer credited to the account of such Intermediary. Shareholders whose Shares are held for them in book entry form by the transfer agent will have any Shares they acquire in the Offer credited in book entry form to their account with the transfer agent. Shareholders with Share certificates will have certificates for any Shares they acquire in the Offer mailed to them promptly.

#### FOREIGN RESTRICTIONS

Subscription Certificates will only be mailed to Record Date Shareholders whose addresses are within the United States (other than an APO or FPO address). Record Date Shareholders whose addresses are outside the United States or who have an APO or FPO address and who wish to subscribe to the Offer either in part or in full should contact the Subscription Agent, American Stock Transfer & Trust Company, by written instruction or recorded telephone conversation no later than three business days prior to the Expiration Date. The Fund will determine whether the offering may be made to any such shareholder. If the Subscription Agent has received no instruction by the third business day prior to the Expiration Date or the Fund has determined that the Offering may not be made to a particular shareholder, such Rights will expire.

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#### FEDERAL INCOME TAX CONSEQUENCES TO SHAREHOLDERS

For U.S. federal income tax purposes, neither your receipt nor your exercise of Rights will result in taxable income to you. Moreover, you will not realize a loss for those purposes if you do not exercise any Rights. The holding period for a Share acquired on exercise of a Right will begin with the date of exercise. Your basis for determining gain or loss on the sale or exchange of a Share you acquire on the exercise of Rights will equal the sum of:

- o the Purchase Price for the Share,

- o any servicing fee charged to you by your broker, bank or trust company plus
- o your basis, if any, in the Rights that you exercised.

A gain or loss you recognize on such a sale or exchange will be a capital gain or loss if you hold the Share as a capital asset at the time of the sale or exchange. This gain or loss will be a long-term capital gain or loss if you held the Share at that time for more than one year. Any such gain you recognize through December 31, 2008, will qualify for the 15% maximum federal income tax rate for individual shareholders enacted by the Jobs and Growth Tax Relief Reconciliation Act of 2003 ("2003 Act"). See "Taxation - Taxation of the Shareholders."

As noted above, your basis in Shares that you acquire pursuant to your exercise of Rights includes your basis in those Rights. If, as the Fund expects, the Rights' aggregate fair market value immediately after they are distributed is less than 15% of the Shares' aggregate fair market value at that time, your basis in the Rights issued to you will be zero unless you elect to allocate part of your basis in your previously owned Shares to those Rights. This allocation -- which also is required if, at that time, the Rights' aggregate fair market value equals or exceeds 15% of the Shares' aggregate fair market value -- is based on the relative fair market values of the Shares and the Rights as of that time. Thus, if you make such an election and later exercise your Rights, your basis in the Shares you previously owned will be reduced by an amount equal to the basis you allocated to the Rights. This election must be made in a statement attached to your federal income tax return for the year in which the Rights are distributed. If your Rights expire without exercise, you will realize no loss and you will not be permitted to allocate a portion of your basis in the Shares to the unexercised Rights.

The foregoing is only a summary of the material U.S. federal income tax consequences of the receipt, exercise, and lapse of Rights. The discussion is based on applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations thereunder and other authorities currently in effect and does not address state, local or foreign taxes. The Code and Treasury regulations thereunder are subject to change by legislative or administrative action, possibly with retroactive effect. You should consult your own tax advisors regarding specific questions as to federal, state, local or

foreign taxes. You should also review the discussion of certain tax considerations affecting yourself and the Fund set forth under "Taxation."

#### EMPLOYEE PLAN CONSIDERATIONS

Shareholders that are employee benefit plans subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), including corporate savings and 401(k) plans, Keogh Plans of self-employed individuals and individual retirement accounts ("IRAs") (each a "Benefit Plan" and collectively, "Benefit Plans"), should be aware that additional contributions of cash in order to exercise Rights may be treated as Benefit Plan contributions and, when taken together with contributions previously made, may subject a Benefit Plan to excise taxes for excess or nondeductible contributions. In the case of Benefit Plans qualified under section 401(a) of the Code, additional cash contributions could cause the maximum contribution limitations of section 415 of the Code or other qualification rules to be violated. Benefit Plans contemplating making additional cash contributions to exercise Rights should consult with their counsel prior to making such contributions.

Benefit Plans and other tax-exempt entities, including governmental plans, should also be aware that if they borrow in order to finance their exercise of Rights, they may become subject to the tax on unrelated business taxable income ("UBTI") under section 511 of the Code. If any portion of an IRA is used as security for a loan, the portion so used is also treated as distributed to the IRA depositor.

ERISA contains prudence and diversification requirements, and ERISA and the Code contain prohibited transaction rules that may impact the exercise of Rights. Among the prohibited transaction exemptions issued by the Department of

Labor that may exempt a Benefit Plan's exercise of Rights are Prohibited Transaction Exemption 84-24 (governing purchases of shares in investment companies) and Prohibited Transaction Exemption 75-1 (covering sales of securities).

Due to the complexity of these rules and the penalties for noncompliance, Benefit Plans should consult with their counsel regarding the consequences of their exercise of Rights under ERISA and the Code.

#### USE OF PROCEEDS

The proceeds of the Offer, assuming all Primary Subscription Shares offered hereby are sold, are estimated to be approximately \$ \_\_\_\_\_, before deducting expenses payable by the Fund estimated at approximately \$ \_\_\_\_\_. The proceeds of the Offer, assuming all Secondary Subscription Shares are sold in addition to all Primary Subscription Shares, are estimated to be approximately \$ \_\_\_\_\_, before deducting expenses payable by the Fund estimated \$ \_\_\_\_\_. The Investment Manager has advised the Fund that investment of the net proceeds in accordance with the Fund's investment objectives and policies will occur as investment opportunities are identified, which will depend on market conditions and the availability of appropriate securities, and is anticipated to take not more than approximately three months.

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Pending such investment, the net proceeds will be held in high quality short-term debt securities and instruments.

#### INVESTMENT OBJECTIVES AND POLICIES

The primary investment objective of the Fund, a non-diversified, closed-end management investment company, is to provide for its shareholders a high level of income. This primary investment objective is fundamental and may not be changed without shareholder approval. The Fund's secondary investment objective, which may be changed by the Board without shareholder approval, is capital appreciation. There can be no assurance that the Fund will achieve its investment objectives.

The Fund pursues its investment objectives by investing primarily in a global portfolio of investment grade fixed income securities. The Fund will normally invest at least 65% of its net assets in investment grade fixed income securities rated, at the time of purchase, BBB or better by Standard & Poor's Ratings Group ("S&P"), Baa or better by Moody's Investors Service, Inc. ("Moody's") or, if unrated, determined by the Investment Manager to be of comparable quality. The Fund may also invest up to 35% of its assets in fixed income securities rated BB, B, or CCC by S&P or Ba, B, or Caa by Moody's or, if unrated, determined by the Investment Manager to be of comparable quality and may invest in other securities (including common stocks, warrants, options and securities convertible into common stock), when such investments are consistent with its investment objectives or are acquired as part of a unit consisting of a combination of fixed income securities and other securities. As of December 31, 2003, the Fund had approximately \_\_\_% of its total assets invested in fixed income securities with an actual or deemed investment grade rating, approximately \_\_\_% of its total assets in fixed income securities with an actual or deemed rating below investment grade, and approximately \_\_\_% of its total assets in non- fixed income securities. The Fund currently expects to invest predominately in the United States, Europe, and Latin America. The Fund will normally invest in at least three different countries, but may invest in fixed income securities of only one country for temporary defensive purposes. The Fund may use leverage from time to time to purchase or carry securities. Such leverage is speculative and increases both investment opportunity and investment risk.

As of December 31, 2003, the Fund held investments in \_\_\_ countries, distributed approximately as follows:

Country	Distribution
---------	--------------

From the commencement of the Fund's operations as a closed-end investment company, the Fund's Shares generally have traded in the market at a discount to NAV.

RISK FACTORS AND SPECIAL CONSIDERATIONS

Investors should consider the following special considerations associated with an exercise of Rights and an additional investment in the Fund. There are a number of risks that an investor should consider in evaluating the Fund. You should read this entire Prospectus and the SAI before you decide whether to exercise your Rights.

DILUTION

If a shareholder does not exercise all of his Rights, when the Offer is over such shareholder will own a relatively smaller percentage of the Fund than if such shareholder had exercised his Rights. Further, as a result of the Offer a shareholder will experience a decrease in NAV per share since the Purchase Price will be below the NAV per share on the Pricing Date, the Fund will bear the expenses of the Offer and the number of shares outstanding after the Offer will increase proportionately more than the size of the Fund's net assets. Although it is not possible to state precisely the amount of such a decrease in value, because it is not known at this time how many Shares will be subscribed for or what the Purchase Price will be, such decrease or dilution might be substantial. The actual Purchase Price may be greater or less than the Estimated Purchase Price. This dilution of NAV per Share will disproportionately affect shareholders who do not exercise their Rights.

The following example assumes that all of the Primary Subscription Shares are sold at the Estimated Purchase Price of \$ \_\_\_\_.

<TABLE>  
<CAPTION>

<S>	<C> NAV per Share on _____, 2004	<C> Dilution per Share in Dollars	<C> Percentage Dilution
Primary Subscription or _____ Shares	\$	\$	

</TABLE>

NON-DIVERSIFIED STATUS

On January 10, 2001, shareholders approved changing the Fund's classification to a "non-diversified" investment company under the 1940 Act, which means that the Fund is not limited by the 1940 Act in the proportion of its assets that may be invested in the securities of a single issuer. The Fund, however, intends to conduct its operations so as to continue to qualify as a "regulated investment company" for purposes of the Code, which will relieve it of any liability for U.S. federal income tax and excise taxes if it distributes all of its net earnings and realized gains to its shareholders. See "Taxation - Taxation of the Fund." Because the Fund, as a non-diversified investment company, may invest in the securities of individual issuers to a greater degree than a diversified investment company, an investment in the Fund may present

greater risk to an investor than an investment in a diversified company because the investment risk may be concentrated in fewer securities.

FOREIGN INVESTMENTS

Investors should understand and consider carefully the substantial risks involved in investing in foreign securities. Foreign securities, which are generally denominated in foreign currencies, and utilization of forward contracts on foreign currencies involve certain considerations comprising both risk and opportunity not typically associated with investing in U.S. securities. These considerations include: fluctuations in currency exchange rates; restrictions on foreign investment and repatriation of capital; costs of converting foreign currencies into U.S. dollars; greater price volatility and trading illiquidity; less public information on issuers of securities; difficulty in enforcing legal rights outside of the United States; lack of uniform accounting, auditing, and financial reporting standards; the possible imposition of foreign taxes, exchange controls, and currency restrictions; and possible political, economic, and social instability of developing as well as developed countries including without limitation nationalization, expropriation of assets, and war. Furthermore, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payments position. Securities of many foreign companies may be less liquid and their prices more volatile than securities issued by comparable U.S. issuers. Transactions in foreign securities may be subject to less efficient settlement practices. These risks are often heightened when the Fund's investments are concentrated in a small number of countries. In addition, because transactional and custodial expenses for foreign securities are generally higher than for domestic securities, the expense ratio of the Fund can be expected to be higher than investment companies investing exclusively in domestic securities. Foreign securities trading practices, including those involving securities settlement where Fund assets may be released prior to receipt of payment, may expose the Fund to increased risk in the event of a failed trade or insolvency of a foreign broker/dealer. Legal remedies for defaults and disputes may have to be pursued in foreign courts, whose procedures differ substantially from those of U.S. courts.

Since investments in foreign securities usually involve foreign currencies and since the Fund may temporarily hold funds in bank deposits in foreign currencies in order to facilitate portfolio transactions, the value of the assets of the Fund as measured in U.S. dollars may be affected favorably or unfavorably by changes in foreign currency exchange rates and exchange control regulations. For example, if the value of the U.S. dollar decreases relative to a foreign currency in which a Fund investment is denominated or which is temporarily held by the Fund to facilitate portfolio transactions, the value of such Fund assets and the Fund's NAV per share will increase, all else being equal. Conversely, an increase in the value of the U.S. dollar relative to such a foreign currency will result in a decline in the value of such Fund assets and its NAV per share. The Fund may incur additional costs in connection with conversions of currencies and securities into U.S. dollars. The Fund will conduct its foreign currency exchange transactions either on a spot (i.e., cash)

basis, or by entering into forward contracts. The Fund generally will not enter into a forward contract with a term of greater than one year.

The Fund may invest in securities of issuers located in emerging market countries. The risks of investing in foreign securities may be greater with respect to securities of issuers in, or denominated in the currencies of, emerging market countries. The economies of emerging market countries generally are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values, and other protectionist measures imposed or negotiated by the countries with which they trade. These economies also have been and may continue to be adversely affected by economic conditions in the countries with which they trade. The securities markets of emerging market countries are substantially smaller, less developed, less liquid and more volatile than the securities markets of the U.S. and other developed countries. Disclosure and regulatory standards in many respects are less stringent in emerging market countries than in the U.S. and other developed countries. There also may be a lower level of monitoring and regulation of emerging markets and the activities of investors in such markets, and enforcement of existing regulations may be extremely limited. Investing in local markets, particularly in emerging market countries, may require the Fund to adopt special procedures, seek local government approvals or take other actions, each of which may involve additional costs to the Fund. Emerging market

countries may also restrict investment opportunities in issuers in industries deemed important to national interests.

Foreign government securities, depending on where and how they are issued, may be subject to some of the risks discussed above with respect to foreign securities. In addition, investments in foreign government debt securities involve special risks. The issuer of the debt or the governmental authorities that control the repayment of the debt may be unable or unwilling to pay interest or repay interest or repay principal when due in accordance with the terms of such debt, and the Fund may have limited legal recourse in the event of default. Political conditions, especially a sovereign entity's willingness to meet the terms of its debt obligations, are of considerable significance.

## FIXED INCOME SECURITIES

The Fund will normally invest at least 65% of its net assets in investment grade fixed income securities. Securities rated BBB or better by S&P or Baa or better by Moody's are investment grade but Moody's considers securities rated Baa to have speculative characteristics. Changes in economic conditions or other circumstances are more likely to lead to a weakened capacity for issuers of such securities to make principal and income payments than is the case for higher-rated securities. The Fund also may invest up to 35% of its assets in fixed income securities rated below investment grade but not lower than CCC by S&P or Caa by Moody's. These securities are deemed by those agencies to be in poor standing and predominantly speculative; the issuers may be in default on such securities or deemed without capacity to make scheduled payments of income or repay principal, involving major risk exposure to adverse conditions. The Fund is also permitted to purchase fixed income securities that are not rated by

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S&P or Moody's but that the Investment Manager determines to be of comparable quality to that of rated securities in which the Fund may invest. Such securities are included in percentage limitations applicable to the comparable rated securities. The values of fixed income securities will change as market interest rates fluctuate. During periods of falling interest rates, the values of outstanding fixed income securities generally rise. Conversely, during periods of rising interest rates, the values of such securities generally decline. The magnitude of these fluctuations generally will be greater for securities with longer maturities.

Ratings of fixed income securities represent the rating agencies' opinions regarding their quality, are not a guarantee of quality, and may be lowered after the Fund acquires the security. The Investment Manager will consider such an event in determining whether the Fund should continue to hold the security but is not required to dispose of it. Credit ratings attempt to evaluate the safety of principal and income payments and do not evaluate the risk of fluctuations in market value. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an issuer's financial condition may be better or worse than the rating indicates. The Fund may invest in unrated securities determined by the Investment Manager to be of comparable quality to the appropriate rating category of S&P and Moody's. In such instances, the Fund will be more reliant on the Investment Manager's determination of credit quality than is the case with respect to rated securities. See the Appendix to the SAI for a further description of S&P and Moody's ratings.

Lower rated fixed income securities generally offer a higher current yield than higher grade issues. Lower rated securities, however, involve higher risks in that they are especially subject to adverse changes in general economic conditions and in the industries in which the issuers are engaged, to changes in the financial condition of the issuers, and to price fluctuations in response to changes in interest rates. During periods of economic downturn or rising interest rates, highly leveraged issuers may experience financial stress which could adversely affect their ability to make payments of principal and income and increase the possibility of default. In addition, such issuers may not have more traditional methods of financing available to them, and may be unable to repay debt at maturity by refinancing. The risk of loss due to default by such issuers is significantly greater because such securities frequently are unsecured and subordinated to the prior payment of senior indebtedness.

From time to time, the prices of many lower rated securities have declined

substantially, reflecting an expectation that many issuers of such securities might experience financial difficulties. As a result, the yields on lower rated securities rose dramatically, but such higher yields did not reflect the value of the income stream that holders of such securities expected, but rather the risk that holders of such securities could lose a substantial portion of their value as a result of the issuers' financial restructuring or default. There can be no assurance that such price declines will not recur. The market for lower rated securities generally is thinner and less active than that for higher quality securities, which may limit the Fund's ability to sell such securities at fair value in response to changes in the economy or financial markets.

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Adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of lower rated securities, especially in a thinly traded market.

During its fiscal year ended December 31, 2003, the Fund invested \_\_\_% of its total investments in bonds that had received a rating from S&P or Moody's. Of the \_\_\_% invested in bonds that had received a rating from S&P or Moody's, the Fund had the following percentages of its total investments invested in bonds rated: AAA--\_\_\_%, AA--\_\_\_%, A--\_\_\_%, BBB--\_\_\_%, BB--\_\_\_%, B--\_\_\_%; CCC--\_\_\_%. \_\_\_ percent of the Fund's total investments were in unrated bonds determined by the Investment Manager to be of comparable quality to rated bonds in the following categories: AAA--\_\_\_%; AA--\_\_\_%; A--\_\_\_%; BBB--\_\_\_%; BB--\_\_\_%; B--\_\_\_%; CCC--\_\_\_%. The remaining \_\_\_% can be classified as other fixed income securities, equities and other net assets. It should be noted that this information reflects the dollar-weighted average composition of the Fund's total investments (computed monthly) during the fiscal year ended December 31, 2003 and is not necessarily representative of the Fund's total investments or net assets as of the end of that fiscal year, the current year or at any time in the future.

#### LEVERAGE

From time to time the Fund borrows money from banks (including its custodian bank), may engage in reverse repurchase agreements and may issue senior securities, which may include debt and preferred stock, to purchase and carry securities and pays interest thereon. These practices are referred to as leverage, are speculative, and increase both investment opportunity and investment risk. If the investment income on securities purchased with leverage exceeds the interest paid on the leverage, the Fund's income will be correspondingly higher. If the investment income fails to cover the Fund's costs, including interest on leverage, or if there are losses, the NAV of the Fund's shares will decrease faster than would otherwise be the case. When the Fund is leveraged, the 1940 Act requires the Fund to have asset coverage of at least 200% for preferred securities it has issued and 300% for its borrowings or the debt securities it has issued. Interest on money borrowed is an expense the Fund would not otherwise incur, and it may therefore have little or no investment income during periods of substantial borrowings. Although there can be no assurance that the use of leverage will be successful, the Investment Manager believes that the ability to employ leverage may potentially increase yields and total returns.

Leverage is a speculative investment technique and, as such, entails two primary risks. The first risk is that the use of leverage magnifies the impact on the common shareholders of changes in NAV (as shown in the table below). The second risk is that if the cost of leverage exceeds the return on the securities acquired with the proceeds of that leverage, it will diminish rather than enhance the return to common shareholders. These two risks would generally make the Fund's total return to common shareholders more volatile. However, if the Fund is able to provide total returns on its assets exceeding the costs of leverage, the use of leverage would over the longer term enhance the Fund's yields and total returns, although there can be no assurance that this can be achieved.

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At December 31, 2002, there was no balance outstanding on the Fund's committed bank line of credit and the interest rate was equal to the Federal Reserve Rate plus 1.00 percentage point. For the year ended December 31 2002, the weighted average interest rate was 2.56% based on the balances outstanding during the period and the weighted average amount outstanding was \$46,057. At

June 30, 2003, there was no balance outstanding and the interest rate was equal to the Federal Reserve Rate plus 1.00 percentage point. For the six months ended June 30, 2003, the weighted average interest rate was 2.04% based on the balances outstanding during the period and the weighted average amount outstanding was \$537, 090.

The following table illustrates the effect of leverage on the annual returns of a shareholder of common stock, assuming a fund with total net assets of \$27 million borrows \$9 million on a committed bank line of credit with a 2.25% interest rate:

Assumed Return on Portfolio (Net of Expenses Except Interest)	-10%	-5%	0%	5%	10%
Corresponding Return to Shareholder	-14.08%	-7.42%	-0.75%	5.92%	12.58%

The purpose of the foregoing table is to assist the investor in understanding the effects of leverage. The figures in the table are hypothetical, the assumed form and amount of leverage employed may be different from and less than the amount of leverage shown, the assumed interest rate may be higher or lower and the actual returns to a holder of a Share may be greater or less than those appearing in the table.

#### ILLIQUID SECURITIES

The Fund may invest without limit in illiquid securities, including securities with legal or contractual conditions or restrictions on resale. Investing in such securities entails certain risks. The primary risk is that the Fund may not be able to dispose of a security at the desired price at the time it wishes to make such disposition. In addition, such securities often sell at a discount from liquid and freely tradable securities of the same class or type, although they are also usually purchased at an equivalent discount which enhances yield while the securities are held by the Fund. Such securities may also be more difficult to price accurately.

#### MARKET VALUE AND NET ASSET VALUE

The Fund converted from a diversified series of shares of an open-end management investment company to a diversified, closed-end management investment

company in February 1997. Shares of closed-end investment companies are bought and sold in the open market and may trade at either a premium to or discount from NAV, although they frequently trade at a discount. This is a risk separate and distinct from the risk that the value of the Fund's portfolio securities, and as a result, its NAV, may decrease. The Fund cannot predict whether its shares will trade at, above or below NAV. Shareholders will incur brokerage and possibly other transaction costs to buy and sell shares in the open market.

A decline in NAV could affect the Fund's ability to pay dividends, make capital gain distributions or effect any share repurchases with respect to its Shares if the Fund has outstanding any preferred stock or debt securities, because the Fund would be required by the 1940 Act to have asset coverage immediately after such dividend, distribution or repurchase of two hundred percent for any preferred stock and three hundred percent for any debt securities, in each case after giving effect to such dividend, distribution or repurchase. In addition, if the Fund's current investment income were not sufficient to meet dividend requirements on any outstanding preferred stock, the Fund may be required to sell a portion of its portfolio securities when it might be disadvantageous to do so, which would reduce the NAV attributable to the Fund's Shares.

The Fund has undertaken, as required by the SEC registration form, to suspend the Offer until it amends this Prospectus, if subsequent to \_\_\_\_\_, 2004 (the effective date of the Fund's Registration Statement), the Fund's NAV declines more than 10% from its NAV as of that date. Accordingly,



the Expiration Date would be extended and the Fund would notify Record Date Shareholders of any such decline and permit Record Date Shareholders to cancel their exercise of Rights.

## THE FUND'S INVESTMENT PROGRAM

The Fund's primary and fundamental investment objective is to provide a high level of income. The Fund's secondary, non-fundamental, investment objective is capital appreciation. The Fund pursues its investment objectives by investing primarily in a global portfolio of investment grade fixed income securities. There can be no assurance that the Fund will achieve its investment objectives.

The Fund will normally invest at least 65% of its net assets in investment grade fixed income securities rated, at the time of purchase, BBB or better by S&P, Baa or better by Moody's or, if unrated, determined by the Investment Manager to be of comparable quality. The Fund may also invest up to 35% of its assets in fixed income securities rated BB, B, or CCC by S&P or Ba, B, or Caa by Moody's or, if unrated, determined by the Investment Manager to be of comparable quality and may invest in other securities (including common stocks, warrants, options and securities convertible into common stock), when such investments are consistent with its investment objectives or are acquired as part of a unit consisting of a combination of fixed income securities and other securities. The Fund currently expects to invest predominately in the United States, Europe, Latin America, and the Pacific Rim. The Fund will normally invest in at least three different countries, but may invest in fixed income securities of only one

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country for temporary defensive purposes. Pending investment or for temporary defensive purposes, the Fund may commit all or any portion of its assets to cash (U.S. dollars or foreign currencies) or invest in money market instruments of U.S. or foreign issuers, including repurchase agreements. In seeking to achieve the Fund's investment objectives, the Investment Manager bases its investment decisions on fundamental market attractiveness, interest rates and trends, currency trends, and credit quality.

The Investment Manager undertakes several measures in seeking to achieve the Fund's objectives:

First, the fixed income securities purchased by the Fund will be primarily rated at the time of purchase in the top four categories by S&P or Moody's or, if unrated, determined by the Investment Manager to be of comparable quality. Ratings are not a guarantee of quality and ratings can change after a security is purchased by the Fund. Moreover, securities rated Baa by Moody's are deemed by that rating agency to have speculative characteristics.

Second, the Investment Manager actively manages the average maturity of the Fund's portfolio in response to expected interest rate movements in pursuit of capital appreciation or to protect against depreciation. Debt securities generally change in value inversely to changes in interest rates. Increases in interest rates generally cause the market values of debt securities to decrease, and vice versa. Movements in interest rates typically have a greater effect on the prices of longer term bonds than on those with shorter maturities. When anticipating a decline in interest rates, the Investment Manager will attempt to lengthen the portfolio's maturity to capitalize on the appreciation potential of such securities. Conversely, when anticipating rising rates, the Investment Manager will seek to shorten the Fund's maturity to protect against capital depreciation. The Fund's portfolio may consist of securities with long, intermediate, and short maturities. Consistent with seeking to maximize current income, the proportion invested in each category can be expected to vary depending upon the Investment Manager's evaluation of the market outlook.

Third, the Investment Manager may employ certain investment techniques in seeking to reduce the Fund's exposure to risks involving foreign currency exchange rates. An increase in the value of a foreign currency relative to the U.S. dollar (the dollar weakens) will increase the U.S. dollar value of securities denominated in that foreign currency. Conversely, a decline in the value of a foreign currency relative to the U.S. dollar (the dollar strengthens) causes a decline in the U.S. dollar value of these securities. The percentage of the Fund's investments in foreign securities that will be hedged back to the U.S. dollar will vary depending on anticipated trends in currency prices and the

relative attractiveness of such techniques and other strategies.

There is, of course, no guarantee that these investment strategies will accomplish their objectives or that they will be successfully implemented.

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## U.S. AND FOREIGN GOVERNMENT SECURITIES

The U.S. Government securities in which the Fund may invest include direct obligations of the U.S. Government (such as U.S. Treasury bills, notes and bonds) and obligations issued by U.S. Government agencies and instrumentalities. Agencies and instrumentalities include executive departments of the U.S. Government and independent Federal organizations supervised by Congress. The types of support for these obligations can range from the full faith and credit of the United States (for example, U.S. Treasury securities) to the creditworthiness of the issuer (for example, securities of the Federal National Mortgage Association, Federal Home Loan Mortgage Corporation and the Tennessee Valley Authority). In the case of obligations not backed by the full faith and credit of the United States, the Fund must look principally to the agency or instrumentality issuing or guaranteeing the obligation for ultimate repayment and may not be able to assert a claim against the United States itself in the event the agency or instrumentality does not meet its commitments. Accordingly, these securities may involve more risk than securities backed by the U.S. Government's full faith and credit.

The foreign government securities in which the Fund invests include obligations issued or supported by national, state or provincial governments or similar political subdivisions or obligations of supranational agencies, such as the International Bank for Reconstruction and Development (the World Bank). Supranational agencies rely on funds from participating countries, often including the United States, from which they must request funds. Such requests may not always be honored. See "Risk Factors and Special Considerations--Foreign Investments."

## SECURITIES OF PRIVATE ISSUERS

The securities of U.S. and foreign private issuers in which the Fund invests may be denominated in U.S. dollars or other currencies, including obligations of U.S. and foreign issuers payable in U.S. dollars outside the United States ("Euros") and obligations of foreign issuers payable in U.S. dollars and issued in the United States ("Yankees"). The securities of private issuers may include corporate bonds, notes and commercial paper, as well as certificates of deposit, time deposits, bankers' acceptances and other obligations of U.S. banks and their branches located outside the United States, U.S. branches of foreign banks, foreign branches of foreign banks and U.S. agencies of foreign banks and wholly owned banking subsidiaries of foreign banks located in the United States. The securities of private issuers also may include common stocks and other equity securities such as warrants, options and securities convertible into common stock, when such investments are consistent with the Fund's investment objectives or are acquired as part of a unit consisting of fixed income and equity securities.

See "Risk Factors and Special Considerations -- Foreign Investments."

## FIXED INCOME SECURITIES

The Fund will normally invest at least 65% of its net assets in investment grade fixed income securities. Securities rated BBB or better by S&P or Baa or

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better by Moody's are investment grade but Moody's considers securities rated Baa to have speculative characteristics. Changes in economic conditions or other circumstances are more likely to lead to a weakened capacity for issuers of such securities to make principal and income payments than is the case for higher-rated securities. The Fund also may invest up to 35% of its assets in fixed income securities rated below investment grade but not lower than CCC by S&P or Caa by Moody's. These securities are deemed by those agencies to be in poor standing and predominantly speculative; the issuers may be in default on such securities or deemed without capacity to make scheduled payments of income or repay principal, involving major risk exposure to adverse conditions. The

Fund is also permitted to purchase fixed income securities that are not rated by S&P or Moody's but that the Investment Manager determines to be of comparable quality to that of rated securities in which the Fund may invest. Such securities are included in percentage limitations applicable to the comparable rated securities. Investors should be aware of and should consider the negative impact on a portfolio of fixed income securities of a rise in market interest rates. See "Risk Factors and Special Considerations -- Fixed Income Securities."

#### PREFERRED SECURITIES

The fixed income securities in which the Fund may invest includes preferred share issues of U.S. and foreign companies. Such securities involve greater risk of loss of income than debt securities because issuers are not obligated to pay dividends. In addition, preferred securities are subordinate to debt securities, and are more subject to changes in economic and industry conditions and in the financial conditions of the issuers of such securities.

#### CONVERTIBLE SECURITIES

The Fund may invest in convertible securities which are bonds, debentures, notes, preferred stocks, or other fixed income securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest generally paid or accrued on debt or the dividend paid on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying stock since they have fixed income characteristics, and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit

standing of the issuer and other factors also may have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value and generally the conversion value decreases as the convertible security approaches maturity. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. In addition, a convertible security will sell at a premium over its conversion value determined by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed income security. The Fund will exchange or convert the convertible securities held in its portfolio into shares of the underlying common stock when, in the Investment Manager's opinion, the investment characteristics of the underlying common shares will assist the Fund in achieving its investment objectives. Otherwise, the Fund may hold or trade convertible securities. In selecting convertible securities for the Fund, the Investment Manager evaluates the investment characteristics of the convertible security as a fixed income instrument and the investment potential of the underlying equity security for capital appreciation. In evaluating these matters with respect to a particular convertible security, the Investment Manager considers numerous factors, including the economic and political outlook, the value of the security relative to other investment alternatives, trends in the determinants of the issuer's profits, and the issuer's management capability and practices.

#### MORTGAGE-RELATED SECURITIES

Mortgage-related securities are a form of derivative collateralized by

pools of commercial or residential mortgages. Pools of mortgage loans are assembled as securities for sale to investors by various governmental, government-related and private organizations. These securities may include complex instruments such as collateralized mortgage obligations and stripped mortgage-backed securities, mortgage pass-through securities, interests in real estate mortgage investment conduits ("REMICs") or other kinds of mortgage-backed securities, including those with fixed, floating and variable interest rates, those with interest rates that change based on multiples of changes in a specified index of interest rates and those with interest rates that change inversely to changes in interest rates. The Fund may invest a portion of its assets in mortgage-backed securities issued by U.S. Government entities such as the Federal Home Loan Mortgage Corporation and similar U.S. Government sponsored entities such as the Federal National Mortgage Association and the Federal Home Loan Banks. Although these issuers may be chartered or sponsored by Acts of Congress, the securities issued by them are neither issued nor guaranteed by the U.S. Treasury.

#### ASSET-BACKED SECURITIES

Asset-backed securities are a form of derivative. The securitization techniques used for asset-backed securities are similar to those used for mortgage-related securities. These securities include debt securities and securities with debt-like characteristics. The collateral for these securities

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has included home equity loans, automobile and credit card receivables, boat loans, computer leases, airplane leases, mobile home loans, recreational vehicle loans and hospital account receivables. The Fund may invest in these and other types of asset-backed securities that may be developed in the future. Asset-backed securities present certain risks that are not presented by mortgage-backed securities. Primarily, these securities may provide the Fund with a less effective security interest in the related collateral than do mortgage-backed securities. Therefore, there is the possibility that recoveries on the underlying collateral may not, in some cases, be available to support payments on these securities.

#### INVESTMENT IN OTHER INVESTMENT COMPANIES

Securities of other investment companies, including shares of closed-end investment companies, unit investment trusts, and open-end investment companies, represent interests in professionally managed portfolios that may invest in any type of instrument. Investing in other investment companies involves substantially the same risks as investing directly in the underlying instruments, but may involve additional expenses at the investment company-level, such as portfolio management fees and operating expenses. Certain types of investment companies, such as closed-end investment companies, issue a fixed number of shares that trade on a stock exchange or over-the-counter at a premium or a discount to their NAV per share (NAV). Others are continuously offered at NAV, but may also be traded in the secondary market. The extent to which the Fund can invest in securities of other investment companies is limited by federal securities laws.

#### OTHER INVESTMENT PRACTICES

Options, Futures, and Options on Futures. The Fund may purchase call options on securities that the Investment Manager intends to include in the Fund's portfolio in order to fix the cost of a future purchase or speculatively in an attempt to enhance returns by, for example, participating in an anticipated price increase of a security. The Fund may purchase put options to hedge against a decline in the market value of securities held in the Fund's portfolio or speculatively in an attempt to enhance returns. The Fund may write (sell) covered put and call options on securities in which it is authorized to invest. The Fund may purchase and write straddles, purchase and write put and call options on bond indexes, and take positions in options on foreign currencies to hedge against the risk of foreign exchange rate fluctuations on foreign securities the Fund holds in its portfolio or that it intends to purchase or speculatively in an attempt to enhance returns. The Fund may purchase and sell interest rate futures contracts, bond index futures contracts and foreign currency futures contracts, and may purchase put and call options and write covered put and call options on such contracts.

The Fund may enter into forward currency contracts to set the rate at which currency exchanges will be made for contemplated or completed transactions or speculatively in an attempt to enhance returns. The Fund may also enter into forward currency contracts in amounts approximating the value of one or more portfolio positions to fix the U.S. dollar value of those positions. For

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example, when the Investment Manager believes that the currency of a particular foreign country may suffer a substantial decline against the U.S. dollar, the Fund may enter into a forward contract to sell, for a fixed amount of dollars, the amount of foreign currency approximating the value of some or all of the Fund's portfolio securities denominated in such foreign currency. The Fund has no specific limitation on the percentage of assets it may commit to foreign currency exchange contracts, except that it will not enter into a forward contract if the amount of assets set aside to cover the contract would impede portfolio management.

Strategies with options, financial futures, and forward currency contracts may be limited by market conditions, regulatory limits and tax considerations, and the Fund may not employ any of the strategies described above. There can be no assurance that any strategy used will be successful. The loss from investing in futures transactions is potentially unlimited. Options and futures may fail as hedging techniques in cases where price movements of the securities underlying the options and futures do not follow the price movements of the portfolio securities subject to the hedge. The Fund may invest in options and futures speculatively, and gains and losses on will depend on the Investment Manager's ability to predict correctly the direction of stock prices, interest rates, and other economic factors. In addition, the Fund will likely be unable to control losses by closing its position where a liquid secondary market does not exist and there is no assurance that a liquid secondary market for hedging instruments will always exist. It also may be necessary to defer closing out hedged positions to avoid adverse tax consequences. The percentage of the Fund's assets segregated to cover its obligations under options, futures, or forward currency contracts could impede effective portfolio management or meeting other current obligations. See "The Fund's Investment Program-Options, Futures and Forward Currency Contract Strategies" in the SAI.

**Repurchase Agreements.** The Fund may enter into repurchase agreements with U.S. banks or dealers involving securities in which the Fund is authorized to invest. A repurchase agreement is an instrument under which the Fund purchases securities from a bank or dealer and simultaneously commits to resell the securities to the bank or dealer at an agreed upon date and price. The Fund's custodian maintains custody of the underlying securities until their repurchase; thus the obligation of the bank or dealer to pay the repurchase price is, in effect, secured by such securities. The Fund's risk is limited to the ability of the seller to pay the agreed upon amount on the repurchase date; if the seller defaults, the security constitutes collateral for the seller's obligation to pay. If, however, the seller defaults and the value of the collateral declines, the Fund may incur loss and expenses in selling the collateral.

**Private Placements and Rule 144A Securities.** The Fund may purchase securities in private placements or pursuant to the Rule 144A exemption from Federal registration requirements. Because an active trading market may not exist for such securities, the sale of such securities may be subject to delay and greater discounts than the sale of registered securities. Investing in such securities could have the effect of increasing the level of Fund illiquidity to the extent that qualified institutional buyers become less interested in buying these securities.

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**When-Issued Securities.** The Fund may purchase securities on a "when-issued" basis. In such transactions delivery and payment occur at a date subsequent to the date of the commitment to make the purchase. Although the Fund will enter into when-issued transactions with the intention of acquiring the securities, the Fund may sell the securities prior thereto for investment reasons, which may result in a gain or loss. Acquiring securities in this manner involves a risk that yields available on the delivery date may be higher than those received in such transactions, as well as the risk of price fluctuation. When the Fund purchases securities on a when-issued basis, its custodian will set aside in a segregated account cash or liquid securities whose value is marked to the market

daily with a market value at least equal to the amount of the commitment. If necessary, assets will be added to the account daily so that the value of the account will not be less than the amount of the Fund's purchase commitment. Failure of the issuer to deliver the security may result in the Fund incurring a loss or missing an opportunity to make an alternative investment.

**Portfolio Turnover.** Given the investment objectives of the Fund, the rate of portfolio turnover will not be a limiting factor when the Investment Manager deems changes in the composition of the portfolio appropriate, and the investment strategy pursued by the Fund therefore includes the possibility of short-term transactions. The Fund's portfolio turnover rate will vary from year to year depending on world market conditions. For the fiscal years ended December 31, 2001 and 2002, the Fund's portfolio turnover rate was 160% and 162%, respectively. For the six-month period ended June 30, 2003, the Fund's portfolio turnover rate was 35%. Higher portfolio turnover involves correspondingly greater transaction costs and increases the potential for short-term capital gains, therefore, and taxes on distributions thereof. See "Taxation."

**Illiquid Securities.** The Fund may invest without limit in illiquid securities, including securities with legal or contractual conditions or restrictions on resale. Investing in such securities entails certain risks. The primary risk is that the Fund may not be able to dispose of a security at the desired price at the time it wishes to make such disposition. In addition, such securities often sell at a discount from liquid and freely tradable securities of the same class or type, although they are also usually purchased at an equivalent discount which enhances yield while the securities are held by the Fund. Such securities may also be more difficult to price accurately.

**Other Information.** The Fund is not obligated to deal with any particular broker, dealer or group thereof. Certain broker/dealers that the Investment Manager and its affiliates do business with may own from time to time more than 5% of the publicly traded Class A non-voting Common Stock of WCI, the parent of the Investment Manager.

The Fund's primary investment objective of providing a high level of income is fundamental and may not be changed without shareholder approval. The Fund is also subject to certain investment restrictions, set forth in the SAI, that are fundamental and cannot be changed without shareholder approval. The Fund's

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secondary investment objective of capital appreciation and the other investment policies described herein, unless otherwise stated, are not fundamental and may be changed by the Directors without shareholder approval.

#### MANAGEMENT OF THE FUND

For its services, the Investment Manager receives an investment management fee, payable monthly, based on the average weekly net assets of the Fund at the annual rate of 7/10ths of 1% of the first \$250 million, 5/8 of 1% from \$250 million to \$500 million, and 1/2 of 1% over \$500 million. For the fiscal years ended December 31, 2000, 2001 and 2002 and the six months ended June 30, 2003, the Fund paid to the Investment Manager investment management fees of \$204,663, \$208,607, \$197,320, and \$95,460, respectively. The Investment Manager provides certain administrative services to the Fund at cost. For the fiscal years ended December 31, 2000, 2001 and 2002 and for the six months ended June 30, 2003, the Fund reimbursed the Investment Manager \$20,482, \$29,045, \$39,677 and \$25,606, respectively, for such services.

Bassett S. Winmill, a Director of the Fund, may be deemed a controlling person of WCI on the basis of his ownership of 100% of WCI's voting stock and, therefore, a controlling person of the Investment Manager.

The Fund's portfolio manager is Ms. Marion E. Morris. Ms. Morris has been principally responsible for the Fund's portfolio investments since 2000 and is also Senior Vice President, Director of Fixed Income and a member of the Investment Policy Committee of the Investment Manager.

#### DIVIDENDS AND OTHER DISTRIBUTIONS

The Fund currently pays quarterly dividends to shareholders. The amount of

the quarterly dividend reflects the managed distribution policy of the Fund. The policy is intended to provide shareholders with a relatively stable cash flow and reduce or eliminate the Fund's market price discount to its NAV per Share. Distributions of approximately 7% of the Fund's NAV per Share on an annual basis have been paid primarily from ordinary income and any net capital gains, with the balance representing return of capital. The amount of any distribution will vary depending on the NAV per Share at the time of declaration. There can be no assurance that the Fund will be able to maintain its current level of dividends, and the Board may, in its sole discretion, change the Fund's current dividend policy at any time.

Prior to June 2003, the Fund's managed distribution policy called for it to distribute approximately 10% of the Fund's NAV per Share on an annual basis. For the year ending December 31, 2002 (when the managed distribution policy was intended to distribute approximately 10% of the Fund's NAV per Share on an annual basis), distributions were \_\_\_% of average net assets, of which approximately \_\_\_% was derived from net investment income and the balance was a return of capital.

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If the Fund's portfolio investments generate returns exceeding the amount that is required to pay any target level of dividends set by the Board, the Fund may decide to retain and accumulate the excess (except to the extent that doing so would jeopardize its continued qualification for treatment as a "regulated investment company" (see Taxation-Taxation of the Fund)) and pay applicable taxes thereon, including any federal income and excise taxes. Additionally, if the Fund's current return is not sufficient to pay a target level of dividends set by the Board, the Fund may distribute to shareholders all or a portion of any retained earnings or make a return of capital distribution to maintain such target level.

The Investment Manager believes that the increase in total net assets of the Fund resulting from a well-subscribed Offer may result in certain economies of scale and, accordingly, a lower expense ratio for the Fund. Although dilution from the Offer may cause the amount of dividends per Share to be lower, the Investment Manager believes that the current managed distribution policy of quarterly distributions of approximately 7% of the Fund's NAV per share on an annual basis should be otherwise unaffected by the Offer. Should the Fund's annual total return (on a NAV basis), inclusive of earned income and capital appreciation be less than 7%, however, the current level of dividends per Share pursuant to the managed distribution policy, may decline. Whether the Offer is subscribed for or not, however, there can be no assurance that the Fund can or will maintain its current dividend policy or current level of dividends.

#### DIVIDEND REINVESTMENT PLAN

The Directors have adopted a Dividend Reinvestment Plan (the "Plan"). Each shareholder will automatically be a participant in the Plan with respect to all dividends and capital gain distributions the Fund declares (in this section, each a "distribution") (including any portion thereof subsequently determined to be a return of capital), unless the shareholder specifically elects to receive all distributions in cash paid by check mailed directly to the shareholder by American Stock Transfer & Trust Company as agent under the Plan (the "Agent"). The Agent will open an account for each shareholder under the Plan in the same name in which such shareholder's Shares are registered. Whenever the Fund declares a distribution payable in Shares or cash, participating shareholders will take the distribution entirely in Shares and the Agent will automatically receive the Shares, including fractional Shares, for the shareholder's account in accordance with the following: (1) If the Market Price per Share (as defined below) equals or exceeds the NAV per Share at the time Shares are valued for the purpose of determining the number of Shares equivalent to the distribution (the "Valuation Date"), participants will be issued additional Shares equal to the amount of such distribution divided by the greater of that NAV per Share or 95% of that Market Price per Share or (2) if the Market Price per Share is less than the NAV per Share on the Valuation Date, participants will be issued additional Shares equal to the amount of such distribution divided by that Market Price per Share. The Valuation Date is the day before the distribution payment date or, if that day is not an AMEX trading day, the next trading day. If the Fund declares a distribution payable only in cash, the Agent will, as purchasing agent for the participating shareholders, buy Shares in the open market, on the AMEX or

elsewhere, for such shareholders' accounts after the payment date, except that the Agent will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining Shares if, following the commencement of the purchases, the Market Price per Share exceeds the NAV per Share. These remaining Shares will be issued by the Fund at a price equal to the Market Price per Share.

If the Agent has terminated open market purchases and caused the issuance of remaining Shares by the Fund, the number of Shares received by each participant in respect of the cash distribution will be based on the weighted average of prices paid for Shares purchased in the open market and the price at which the Fund issues the remaining Shares. If the Agent is unable to terminate purchases in the open market before it has completed its purchases, or remaining Shares cannot be issued by the Fund because the Fund declared a distribution payable only in cash, and the Market Price per Share exceeds the NAV per Share, the average purchase price per Share paid by the Agent may exceed the NAV per Share, resulting in the acquisition of fewer Shares than if the distribution had been paid in Shares issued by the Fund. The Agent will apply all cash received as a distribution to purchase Shares on the open market as soon as practicable after the payment date of the distribution, but in no event later than 45 days after that date, except when necessary to comply with applicable provisions of the federal securities laws.

For all purposes of the Plan: (a) the "Market Price per Share" on a Valuation Date shall be the average of the last sale price per Share on the AMEX on each of the five trading days the Shares traded ex-distribution on the AMEX immediately prior to such date (or if no sale occurred on any such day, then the mean between the closing bid and asked quotations for Shares on that day); and (b) the NAV per Share on a Valuation Date shall be as determined by or on behalf of the Fund.

The open-market purchases provided for in the Plan may be made on any securities exchange on which the Shares are traded, in the over-the-counter market or in negotiated transactions and may be on such terms as to price, delivery and otherwise as the Agent shall determine. Funds held by the Agent uninvested will not bear interest, and it is understood that, in any event, the Agent shall have no liability in connection with any inability to purchase Shares within 45 days after the initial date of such purchase as herein provided or with the timing of any purchases effected. The Agent shall have no responsibility as to the value of the Shares acquired for any participant's account.

The Agent will hold Shares acquired pursuant to the Plan in noncertificated form in the Agent's name or that of its nominee. At no additional cost, a shareholder participating in the Plan may send to the Agent for deposit into its Plan account those certificated Shares in its possession. These Shares will be combined with those unissued full and fractional Shares acquired under the Plan and held by the Agent. Shortly thereafter, such participant will receive a statement showing its combined holdings. The Agent will forward to each participant any proxy solicitation material and will vote any Shares held for the participant only in accordance with the proxy returned by him or her to the Fund. Upon a participant's written request, the Agent will deliver to him or

her, without charge, a certificate or certificates for the full (but not fractional) Shares the Agent holds for the participant.

The Agent will confirm to each participant each acquisition for his or her account as soon as practicable but not later than 60 days after the date thereof. Although a participant may from time to time have an individual fractional interest (computed to three decimal places) in a Share, no certificates for fractional Shares will be issued. However, distributions on fractional Shares will be credited to participants' accounts. In the event of a termination of a participant's account under the Plan, the Agent will adjust for any such undivided fractional interest in cash at the opening market value of the Shares at the time of termination.

Any stock dividends distributed by the Fund on Shares held by the Agent for a participant will be credited to the participant's account. If the Fund makes



available to a participant the right to purchase additional Shares or other securities, such as the Offer, the Shares held for a shareholder under the Plan will be added to other Shares held by the participant in calculating the number of Rights to be issued to such participant. The Agent's service fee for handling distributions will be paid by the Fund. Each participant will be charged a pro rata share of brokerage commissions on all open market purchases. Each participant may terminate his or her account under the Plan by notifying the Agent in writing. A termination will be effective immediately if notice is received by the Agent at any time prior to any distribution record date; otherwise such termination will be effective, with respect to any subsequent distribution, on the first trading day after a dividend paid for the record date has been credited to the participant's account. Upon any termination the Agent will cause a certificate or certificates for the full Shares held for the participant under the Plan and cash adjustment for any fraction to be delivered to him or her.

The terms and conditions of the Plan may be amended or supplemented by the Agent or the Fund at any time or times but, except when necessary or appropriate to comply with applicable law or the rules or policies of the SEC or any other regulatory authority, only by mailing to the participants appropriate written notice at least 30 days prior to the effective date thereof. The amendment or supplement shall be deemed to be accepted by a participant unless, prior to the effective date thereof, the Agent receives written notice of the termination of such participant's account under the Plan. Any such amendment may include an appointment by the Fund of a successor agent in its place and stead under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by the Agent. Upon any such appointment of an Agent for the purpose of receiving distributions, the Fund will be authorized to pay to such successor Agent all distributions payable on Shares held in the participant's names or under the Plan for retention or application by such successor Agent as provided in these terms and conditions. In the case of participants, such as Intermediaries, that hold Shares for others who are the beneficial owners, the Agent will administer the Plan on the basis of the number of Shares certified from time to time by the participants as representing the total amount registered in the participant's name and held for the account of beneficial

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owners who are to participate in the Plan. All correspondence concerning the Plan should be directed to the Agent at 59 Maiden Lane, New York, New York 10038.

## TAXATION

### Federal Income Tax Consequences of the Offer

For a discussion of the U.S. federal income tax consequences of the Offer, see "The Offer - Federal Income Tax Consequences to Shareholders."

### Taxation of the Fund

The Fund has qualified, and intends to continue to qualify, for treatment as a regulated investment company under Subchapter M of the Code. If it so qualifies, the Fund will not be subject to U.S. federal income tax on the portion of its investment company taxable income (generally consisting of net investment income, the excess of net short-term capital gain over net long-term capital loss and net gains and losses from certain foreign currency transactions, all determined without regard to any deduction for dividends paid) and its net capital gain (i.e., the excess of net long-term capital gain over net short-term capital loss), if any, that it distributes to its shareholders in each taxable year.

### Taxation of the Shareholders

Dividends and other Distributions. Dividends the Fund pays to you from its investment company taxable income are taxable as ordinary income (at federal income tax rates up to 35%), except that Fund dividends attributable to "qualified dividend income" (i.e., dividends received on the stock of domestic corporations and certain foreign corporations -- generally, foreign corporations incorporated in a U.S. possession, eligible for the benefits of certain comprehensive income tax treaties with the United States or the stock of which is readily tradable on an established securities market in the United States --

with respect to which the Fund satisfies certain holding period, debt-financing and other restrictions) ("QDI") generally are subject to a 15% maximum federal income tax rate, enacted by the 2003 Act, for individual shareholders who satisfy those restrictions with respect to the Shares on which the Fund dividends were paid. If, for any taxable year, the Fund's QDI is at least 95% of its gross income (as specially computed), the entire dividend will qualify for that treatment. A portion of the Fund's dividends -- not exceeding the aggregate dividends it receives from domestic corporations only -- also may be eligible for the dividends-received deduction allowed to corporations, subject to similar restrictions. However, dividends a corporate shareholder deducts pursuant to the dividends-received deduction are subject indirectly to the federal alternative minimum tax. It is not expected that any significant part of the Fund's dividends will qualify for the 15% maximum federal income tax rate or the dividends-received deduction.

Distributions to you of the Fund's net capital gain are taxable as long-term capital gains, regardless of how long you have held your Shares and whether paid in cash or reinvested in Shares. Those distributions also are subject to a 15% maximum federal income tax rate for individual shareholders (as

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a result of enactment of the 2003 Act) to the extent the distributions are attributable to net capital gain the Fund recognizes on sales or exchanges of capital assets after May 5, 2003, through its last taxable year beginning before January 1, 2009.

Distributions in excess of the Fund's earnings and profits first reduce the adjusted tax basis of a holder's Shares and, after such adjusted tax basis is reduced to zero, will constitute capital gain to such holder (assuming the shares are held as capital assets). For corporate taxpayers, distributions of both income and net capital gain are taxed at a maximum rate of 35%.

Income dividends (but not capital gain distributions) paid to shareholders who are non-resident aliens or foreign entities are subject to a 30% U.S. withholding tax unless a reduced rate of withholding or a withholding exemption is provided under an applicable treaty. Non-resident shareholders are urged to consult their own tax advisers concerning the applicability of this tax.

Sale or Exchange of Shares. Any capital gain an individual shareholder recognizes on a sale or exchange between May 6, 2003, and December 31, 2008, of his or her Shares that have been held for more than one year will qualify for the 15% maximum rate enacted by the 2003 Act. That act did not change the tax rate on short-term capital gains (gains from the sale or exchange of capital assets held for one year or less), which will continue to be taxed at the ordinary income rate. Any loss realized on a sale or exchange of Shares will be disallowed to the extent those Shares are replaced within a 61-day period beginning 30 days before and ending 30 days after the sale or exchange date and instead will increase the basis in the newly purchased Shares.

If Shares are sold at a loss after being held for six months or less, the loss will be treated as long-term, instead of short-term, capital loss to the extent of any capital gain distributions received thereon. Investors also should be aware that the price of Shares at any time may reflect the amount of a forthcoming dividend or capital gain distribution, so if you purchase Shares shortly before the record date therefor, you will pay full price for the shares and receive some portion of the price back as a taxable distribution even though it represents in part a return of invested capital.

Backup Withholding. The Fund must withhold and remit to the U.S. Treasury 28% of dividends and capital gain distributions otherwise payable to any individual or certain other non-corporate shareholder who fails to certify that the "TIN" furnished to the Fund is correct or who furnishes an incorrect TIN (together with the withholding described in the next sentence, "backup withholding"). Withholding at that rate also is required from the Fund's dividends and capital gain distributions otherwise payable to such a shareholder if (1) the shareholder fails to certify that he or she has not received notice from the Internal Revenue Service ("IRS") that the shareholder is subject to backup withholding as a result of a failure to properly report dividend or interest income on a federal income tax return or (2) the IRS notifies the Fund to institute backup withholding because the IRS determines that the shareholder's TIN is incorrect or the shareholder has failed to properly report

such income. A TIN is either the Social Security number, IRS individual taxpayer

identification number or employer identification number of the record owner of the account. Any tax withheld as a result of backup withholding does not constitute an additional tax imposed on the record owner and may be claimed as a credit on the record owner's federal income tax return.

General

The foregoing discussion is a brief summary of certain U.S. federal income tax considerations affecting the Fund and its shareholders under the law in effect on the date hereof (which is subject to change, even retroactively) and is not intended as tax advice. The Fund's income dividends and capital gain distributions, and gains a shareholder recognizes on the sale or exchange of Shares, also may be subject to state and local taxes. Investors are urged to consult their own tax advisers regarding specific questions about other U.S. federal (including the alternative minimum tax), and state, local or foreign, tax consequences to them of investing in Shares.

CAPITAL STOCK

The Fund commenced operations as a diversified, closed-end management investment company on February 7, 1997. Prior to that date the Fund was a diversified series of shares designated Bull & Bear Global Income Fund (and prior to October 29, 1992 and since September 1, 1983, Bull & Bear High Yield Fund) of Bull & Bear Funds II, Inc., an open-end management investment company organized in 1974 and operating under the name Bull & Bear Incorporated until October 29, 1993.

The Fund is authorized to issue up to twenty million (20,000,000) shares (\$.01 par value). The Board can reclassify unissued shares as preferred stock with such terms and conditions as determined by the Board. The following description relates to the issued and outstanding shares of common stock of the Fund and is subject to the terms and conditions of any such preferred stock, if and when issued. The Fund's stock is fully paid and non-assessable. In case of dissolution or other liquidation of the Fund, shareholders will be entitled to receive ratably per share the net assets of the Fund. Shareholders vote for Directors with each share entitled to one vote. Each share of common stock entitles the holder to one vote for all purposes. Shares have no preemptive rights.

Set forth below is information with respect to the common stock as of November 24, 2003:

Amount Authorized	Amount Held by Fund	
	For Its Own Account	Amount Outstanding
20,000,000 Shares	0 Shares	5,545,720

The number of Shares outstanding as of December 31, 2003, adjusted to give effect to the issuance of all the Shares pursuant to the Offer, including up to 25% of the Shares available for issuance pursuant to the Over-Subscription Privilege, would be \_\_\_\_\_.

The Fund's Shares are listed and traded on the AMEX. The following table sets forth for the quarters indicated the high and low sales prices on the AMEX per Share and the NAV and the premium or discount from NAV at which the Shares were trading, expressed as a percentage of NAV, at each of the high and low sales prices provided.

<TABLE>  
<CAPTION>

Quarterly Market Price High per Share and Quarterly Market Price Low per Share and  
Related NAV, and Discount (-)or / Premium (+) Related NAV, and Discount (-)or / Premium (+)

<S>	<C> Market	<C> NAV	<C> Discount (-) or / Premium (+)	<C> Market	<C> NAV (-) or / Premium (+)	<C> Discount
Quarter Ended						
March 31, 2002						
June 30, 2002						
September 30, 2002						
December 31, 2002						
March 31, 2003						
June 30, 2003						
September 30, 2003						
December 31, 2003						

</TABLE>

The last reported NAV per Share at the close of business on \_\_\_\_, 2004 (the last trading date on which the Fund publicly reported its NAV prior to the announcement of the Offer) and \_\_\_\_, 2004 (the last trading date on which the Fund publicly reported its NAV prior to the date of this Prospectus) was \$ \_\_\_\_ and \$ \_\_\_\_, respectively, and the last reported sale price of a Share on that exchange on those dates was \$ \_\_ and \$ \_\_, respectively.

ANTI-TAKEOVER PROVISIONS OF THE GOVERNING DOCUMENTS

The Fund's Board has continuously availed itself of methods specifically provided by, or consistent with, Maryland law and the 1940 Act to protect the Fund and its shareholders. Accordingly, the Fund currently has provisions in its Governing Documents which could have the effect of limiting (i) the ability of other entities or persons to acquire control of the Fund, (ii) the Fund's freedom to engage in certain transactions, or (iii) the ability of the Fund's directors or shareholders to amend the Governing Documents or effectuate changes in the Fund's management. These provisions of the Governing Documents of the Fund may be regarded as "anti- takeover" provisions. The Fund is also subject to certain Maryland law provisions, including those which have been enacted since the inception of the Fund, that make it more difficult for non-incumbents to gain control of the Board. In July 2003, the Fund's Board amended and restated

the Bylaws of the Fund. In doing so, the Board consulted with counsel to the Fund and Maryland counsel to the Fund and elected to become subject to various provisions of the Maryland General Corporation Law (the "MGCL"). The Board also adopted a Conflict of Interest and Corporate Opportunities Policy applicable to its Disinterested Directors.

The following is a summary of the amendments to the Bylaws which are set forth in the Amended and Restated Bylaws as of July 8, 2003, and the election to be subject to various provisions of the MGCL, effective on July 15, 2003, pursuant to Articles Supplementary (the "Articles Supplementary"). This summary is qualified in its entirety by reference to the complete Amended and Restated Bylaws. Among other things, the Bylaw amendments:

1. Establish procedures for shareholder-requested special meetings, including procedures for setting the record date for the shareholders making the request, the record date for the meeting and the time, place and date of the meeting.

Consistent with the MGCL, shareholders requesting a meeting would be required to disclose the purpose of the meeting and the matters to be proposed to be acted on at the meeting.

2. Provide that the Board may appoint the chair of the meeting of shareholders and provide for chairmanship in the absence of such an appointment. The amendments provide that the chair of the meeting establishes the rules for conduct of the meeting, and vests the chair with power to adjourn the meeting.

3. Enhance already existing Bylaw provisions that require a shareholder to give written advance notice and other information to the Fund of the shareholder's nominees for directors and other proposals for business at shareholders meetings.

4. Disclose that the Board has elected on behalf of the Fund to be subject to the Maryland Control Share Acquisition Act, which provides that control shares acquired in a control share acquisition may not be voted except to the extent approved by a vote of two-thirds of the votes entitled to be cast on the matter, excluding shares owned by the acquirer, and officers and directors that are employees of the Fund. Generally, control shares are voting shares of stock which would entitle the acquirer of the shares to exercise voting power within one of the following ranges of voting power: (1) one-tenth or more but less than one-third, (2) one-third or more but less than a majority, or (3) a majority or more of all voting power. This limitation does not apply to matters for which the 1940 Act requires the vote of a majority of the Fund's outstanding voting securities (as defined in that Act) or to holders whose acquisition of control shares was approved prior to acquisition by a majority of the Continuing Directors (as defined in the Charter). The Continuing Directors have approved the acquisition of control shares, not to exceed 25% of the outstanding shares of the Fund, by the Investment Manager and its affiliates.

5. Establish qualifications for Fund directors. These qualifications are designed to assure that individuals have the type of background and experience necessary to provide competent service as directors of the Fund. They also require incumbent directors and nominees to comply with the Fund's Conflict of Interest and Corporate Opportunities Policy. One of the qualification options

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includes service as a current director of the Fund.

6. Provide that, subject to the requirements of the 1940 Act, any director vacancy shall be filled for the remainder of the term by the affirmative vote of a majority of the members of a committee consisting of Continuing Directors in accordance with the Charter.

7. Require that certain proposed advisory, sub-advisory, or management contracts with an affiliate of current and certain former independent Fund directors be approved by 75% of the Fund's independent directors who are not so affiliated. If such a contract or similar contracts are approved, the Bylaws would provide automatic liquidity to dissatisfied shareholders by requiring the Fund to commence a tender offer to the fullest extent permitted by applicable law, for at least 50 percent of its outstanding shares at a price of at least 98% of the Fund's per share NAV.

8. Provide that a director who is an affiliated person (as such term is defined by Section 2(a)(3) of the 1940 Act) of a holder of more than 5% of the outstanding shares of the Fund shall not be entitled to fees or expenses arising out of his or her service as a director of the Fund.

#### CUSTODIAN, TRANSFER AGENT, DIVIDEND DISBURSING AGENT AND REGISTRAR

State Street Bank and Trust Company (the "Custodian"), located at 801 Pennsylvania Avenue, Kansas City, MO 64105, serves as the Custodian of the Fund's assets pursuant to a custody agreement. American Stock Transfer & Trust Company, located at 59 Maiden Lane, New York, NY 10038, serves as the Fund's dividend disbursing agent, as agent under the Fund's Plan and as transfer agent and registrar for shares of the Fund.

Certain legal matters will be passed on by The Law Offices of Stephanie A. Djinis, McLean, VA, counsel to the Fund in connection with the Offering. Certain tax matters will be passed on by Kirkpatrick & Lockhart, Washington, D.C., special tax counsel to the Fund.

#### EXPERTS

The financial statements of the Fund as of December 31, 2002 have been incorporated by reference into the SAI in reliance on the report of Tait, Weller & Baker, independent accountants, given on the authority of that firm as experts in accounting and auditing. Tait, Weller & Baker is located at 1818 Market Street, Suite 2400, Philadelphia, PA 19103.

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#### FURTHER INFORMATION

The Fund is subject to the information requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements and other information filed by the Fund can be inspected and copied at public reference facilities maintained by the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549 and the SEC's Northeast Regional Office, The Woolworth Building, 233 Broadway, New York, NY 10279. The Fund's common shares are listed on the AMEX. Reports, proxy statement and other information concerning the Fund can be inspected and copied at the AMEX at address of the 86 Trinity Place, New York, NY 10006-1881.

This Prospectus constitutes a part of a registration statement on Form N-2 (together with the SAI and all the exhibits and the appendix thereto, the "Registration Statement") filed by the Fund with the SEC under the Securities Act and the 1940 Act. This Prospectus and the SAI do not contain all of the information set forth in the Registration Statement and related exhibits for further information with respect to the Fund and the shares offered hereby. Statements contained herein concerning the provisions of documents are necessarily summaries of such documents, and each statement is qualified in its entirety by reference to the copy of the applicable document filed with the SEC.

#### SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Fund to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, those listed under "Risk Factors" and elsewhere in this Prospectus. As a result of the foregoing and other factors, no assurance can be given as to the future results, levels of activity or achievements, and neither the Fund nor any other person assumes responsibility for the accuracy and completeness of such statements. To the extent required by law, the Fund undertakes to supplement this Prospectus to reflect any material changes to the Fund after this after the date of this Prospectus.

NO DEALER, SALESPERSON OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS NOT CONTAINED IN THIS PROSPECTUS. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE FUND OR THE FUND'S INVESTMENT MANAGER. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITY OTHER THAN THE COMMON SHARES OFFERED BY THIS PROSPECTUS, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY

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COMMON SHARES BY ANYONE IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION WOULD BE UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE FACTS AS SET FORTH IN THE PROSPECTUS OR IN THE AFFAIRS OF THE FUND SINCE THE DATE HEREOF.

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\_\_\_\_\_  
SHARES  
OF COMMON STOCK  
ISSUABLE UPON EXERCISE OF RIGHTS  
TO SUBSCRIBE TO SUCH SHARES

PROSPECTUS

\_\_\_\_\_, 2004

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GLOBAL INCOME FUND, INC.

11 Hanover Square  
New York, NY 10005  
212-635-0671

STATEMENT OF ADDITIONAL INFORMATION  
dated \_\_\_\_\_, 2004

Global Income Fund, Inc. (the "Fund") is a non-diversified, closed-end management investment company organized as a Maryland corporation. This Statement of Additional Information (the "SAI") regarding the Fund is not a prospectus and should be read in conjunction with the Fund's prospectus dated \_\_\_\_\_, 2004 (the "Prospectus"). The Prospectus is available without charge upon written request to the Fund at 11 Hanover Square, New York, NY 10005, or by calling 1-212-635-0671.

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## THE FUND'S INVESTMENT PROGRAM

The following information supplements the information concerning the investment objectives, policies and limitations of the Fund found in the Prospectus.

### LOAN PARTICIPATIONS

The Fund may invest in loan participations in which it purchases from a lender a portion of a larger loan to a U.S. or foreign private or governmental entity. The Fund receives a portion of the amount due the lender, except for any servicing fees received by the lender. Investing in loan participations may enable the Fund to obtain undivided interests in loans that CEF Advisers, Inc. (the "Investment Manager") considers attractive but that would not be available to the Fund otherwise. Although normally available without recourse to the lender, such loans may be backed by a letter of credit and may include the right to demand accelerated payment of principal and interest. Loan participations may be subject to credit risks of the borrower, the lender or both. Loans to foreign borrowers may involve risks not typically associated with domestic investments. The Fund has no current intention to engage in loan participations in excess of 5% of its total net assets.

### SHORT SALES

The Fund may engage in short sales transactions under which it sells a security it does not own. To complete such a transaction, the Fund must borrow the security to make delivery to the buyer. The Fund then is obligated to replace the borrowed security by purchasing the security at the market price at the time of replacement. The price at such time may be more or less than the price at which the security was sold by the Fund. Until the security is replaced, the Fund is required to pay to the lender amounts equal to any dividends or interest that accrue during the period of the loan. To borrow the security, the Fund also may be required to pay a premium, which would increase the cost of the security sold. The proceeds of a short sale will be retained by the broker, to the extent necessary to meet the margin requirements, until the short position is closed out. Until the Fund closes its short position or replaces the borrowed security, the Fund will (a) segregate cash or liquid securities at such a level that the segregated amount plus the amount deposited with the broker as collateral (i) will equal the current value of the security sold short and (ii) will not be less than the market value of the security at the time the security was sold short or (b) otherwise cover the Fund's short position.

### ZERO COUPON, PAY-IN-KIND AND OTHER ORIGINAL ISSUE DISCOUNT ("OID") SECURITIES

The Fund may invest in zero coupon and other OID securities. Zero coupon securities are securities on which no periodic interest payments are made and are sold at a discount from their face value. The buyer of these securities receive a rate of return by the gradual appreciation of the security, which results from the fact that it will be paid at face value on a specified maturity date. There are many types of zero coupon securities. Some are issued in zero

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coupon form, including Treasury bills, notes and bonds that have been stripped of (separated from) their unmatured interest coupons (unmatured interest payments) and receipts or certificates representing interests in such stripped debt obligations or coupons. Others are created by brokerage firms that strip the coupons from interest-paying bonds and sell the principal and the coupons separately. Other securities that are sold with OID (i.e., the difference between the issue price and the stated redemption price at maturity) may provide for some interest to be paid prior to maturity. These OID securities usually trade at a discount from their face value. Payment-in-kind securities have characteristics similar to those of zero coupon securities, but interest on such



securities may be paid in the form of obligations of the same type rather than cash.

As a holder of zero coupon and OID securities, the Fund must include in its gross income the OID that accrues on them during the taxable year, even if it receives no corresponding payment on them during the year. See "Taxes," below.

Zero coupon securities are generally more sensitive to changes in interest rates than debt obligations of comparable maturities that make current interest payments. This means that when interest rates fall, the value of zero coupon securities rises more rapidly than securities paying interest on a current basis. However, when interest rates rise, their value falls more dramatically. Other OID securities also are subject to greater fluctuations in market value in response to changing interest rates than bonds of comparable securities that make current distributions of interest in cash.

## OPTIONS, FUTURES AND FORWARD CURRENCY CONTRACT STRATEGIES

Regulation of the Use of Options, Futures and Forward Currency Contract Strategies. As discussed in the Prospectus, the Fund may engage in certain options strategies to attempt to enhance return by speculation or for hedging purposes. The Investment Manager also may use securities index futures contracts, interest rate futures contracts, foreign currency futures contracts (collectively, "futures contracts" or "futures"), options on futures contracts and forward currency contracts for hedging purposes, to enhance returns by speculation or in other circumstances permitted by the Commodity Futures Trading Commission ("CFTC"). Certain special characteristics of and risks associated with using these instruments are discussed below. In addition to the investment guidelines (described below) adopted by the Fund to govern investment in these instruments, its use of options, forward currency contracts and futures is subject to the applicable regulations of the Securities and Exchange Commission ("SEC"), the several options and futures exchanges upon which such instruments may be traded, the CFTC and the various state regulatory authorities.

In addition to the products, strategies and risks described below and in the Prospectus, the Investment Manager expects to discover additional opportunities in connection with options, futures and forward currency contracts. These new opportunities may become available as the Investment

Manager develops new techniques, as regulatory authorities broaden the range of permitted transactions and as new options, futures and forward currency contracts are developed. The Investment Manager may utilize these opportunities to the extent they are consistent with the Fund's investment objective, permitted by the Fund's investment limitations and permitted by the applicable regulatory authorities.

Cover for Options, Futures and Forward Currency Contract Strategies. The Fund will comply with SEC guidelines regarding cover for these instruments, and will, if the guidelines so require, (1) set aside or segregate cash or liquid securities whose value is marked to the market daily in the prescribed amount, or (2) an offsetting ("covered") position in securities, currencies or other options or futures contracts. Assets used for cover or segregated cannot be sold or closed while the position in the corresponding instrument is open, unless they are replaced with other appropriate assets. As a result, the commitment of a large portion of the Fund's assets could impede portfolio management or the Fund's ability to meet current obligations.

Option Income and Hedging Strategies. The Fund may purchase and write (sell) both exchange-traded options and options traded on the over-the-counter ("OTC") market. Exchange-traded options in the United States are issued by a clearing organization affiliated with the exchange on which the option is listed, which, in effect, guarantees completion of every exchange-traded option transaction. In contrast, OTC options are contracts between the Fund and its contra-party with no clearing organization guarantee. Thus, when the Fund purchases an OTC option, it relies on the dealer from which it has purchased the OTC option to make or take delivery of the securities or currencies underlying the option. Failure by the dealer to do so would result in the loss of any premium paid by the Fund as well as the loss of the expected benefit of the transaction.

The Fund may purchase call options on securities (both equity and debt) that the Investment Manager intends to include in the Fund's portfolio in order to fix the cost of a future purchase. Call options also may be used as a means of enhancing returns by, for example, participating in an anticipated price increase of a security. In the event of a decline in the price of the underlying security, use of this strategy would serve to limit the potential loss to the Fund to the option premium paid; conversely, if the market price of the underlying security increases above the exercise price and the Fund either sells or exercises the option, any profit eventually realized would be reduced by the premium paid.

The Fund may purchase put options on securities in order to hedge against a decline in the market value of securities held in its portfolio or to attempt to enhance return. A put option enables the Fund to sell the underlying security at the predetermined exercise price; thus, the potential for loss to the Fund below the exercise price is limited to the option premium paid. If the market price of the underlying security is higher than the exercise price of the put option, any profit the Fund realizes on the sale of the security would be reduced by the premium paid for the put option less any amount for which the put option may be sold.

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The Fund may on certain occasions wish to hedge against a decline in the market value of securities held in its portfolio at a time when put options on those particular securities are not available for purchase. The Fund may therefore purchase a put option on other selected securities, the values of which historically have positive correlation to the value of such portfolio securities. If the Investment Manager's judgment is correct, changes in the value of the put options should generally offset changes in the value of the portfolio securities being hedged. However, the correlation between the two values may not be as close in these transactions as in transactions in which the Fund purchases a put option on a security held in its portfolio. If the Investment Manager's judgment is not correct, the value of the securities underlying the put option may decrease less than the value of the Fund's portfolio securities, and, therefore the put option may not provide complete protection against a decline in the value of those securities below the level sought to be protected by the put option.

The Fund may write covered call options on securities in which it is authorized to invest for hedging or to increase return in the form of premiums received from the purchasers of the options. A call option gives the purchaser of the option the right to buy, and the writer (seller) the obligation to sell, the underlying security at the exercise price during or at the end of the option period. The strategy may be used to provide limited protection against a decrease in the market price of the security, in an amount equal to the premium received for writing the call option less any transaction costs. Thus, if the market price of the underlying security held by the Fund declines, the amount of such decline will be offset wholly or in part by the amount of the premium received by the Fund. If, however, there is an increase in the market price of the underlying security to a level in excess of the option's exercise price, and the option is exercised, the Fund would be obligated to sell the security at less than its market value. In addition, the Fund could lose the ability to participate in an increase in the value of such securities above the exercise price of the call option because such an increase would likely be offset by an increase in the cost of closing out the call option (or could be negated if the buyer chose to exercise the call option at an exercise price below the current market value).

The Fund generally would give up the ability to sell any portfolio securities used to cover the call option while the call option was outstanding.

The Fund also may write covered put options on securities in which it is authorized to invest. A put option gives the purchaser of the option the right to sell, and the writer (seller) the obligation to buy, the underlying security at the exercise price during the option period. So long as the obligation of the writer continues, the writer may be assigned an exercise notice by the broker/dealer through whom such option was sold, requiring it to make payment of the exercise price against delivery of the underlying security. The operation of put options in other respects, including their related risks and rewards, is substantially identical to that of call options. If a put option is not exercised, the Fund will realize income in the amount of the premium received. This technique could be used to enhance current return during periods of market

uncertainty. The risk in such a transaction would be that the market price of

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the underlying security would decline below the exercise price less the premiums received, in which case the Fund would expect to suffer a loss.

The Fund may purchase put and call options and write covered put and call options on securities indexes in much the same manner as the more traditional securities options discussed above, except that index options may serve as a hedge against overall fluctuations in the securities markets (or a market sector) rather than anticipated increases or decreases in the value of a particular security. A securities index assigns values to the securities included in the index and fluctuates with changes in such values. Settlements of securities index options are effected with cash payments and do not involve delivery of securities. Thus, upon settlement of a securities index option, the purchaser will realize, and the writer will pay, an amount based on the difference between the exercise price and the closing price of the index. The effectiveness of hedging techniques using securities index options will depend on the extent to which price movements in the securities index selected correlate with price movements of the securities in which the Fund invests.

The Fund may purchase and write covered straddles on securities indexes. A long straddle is a combination of a call and a put purchased on the same security where the exercise price of the put is less than or equal to the exercise price of the call. The Fund would enter into a long straddle when the Investment Manager believes that it is likely that securities prices will be more volatile during the term of the options than is implied by the option pricing. A short straddle is a combination of a call and a put written on the same security where the exercise price of the put is less than or equal to the exercise price of the call where the same issue of the security is considered "cover" for both the put and the call. The Fund would enter into a short straddle when the Investment Manager believes that it is unlikely that securities prices will be as volatile during the term of the options as is implied by the option pricing. In such case, the Fund will set aside cash or liquid assets in a segregated account with its custodian equivalent in value to the amount, if any, by which the put is "in-the-money," that is, that amount by which the exercise price of the put exceeds the current market value of the underlying security.

**Foreign Currency Options and Related Risks.** The Fund may take positions in options on foreign currencies to enhance returns by speculation or to hedge against the risk of foreign exchange rate fluctuations on foreign securities that the Fund holds in its portfolio or that it intends to purchase. For example, if the Fund enters into a contract to purchase securities denominated in a foreign currency, it could effectively fix the maximum U.S. dollar cost of the securities by purchasing call options on that foreign currency. Similarly, if the Fund held securities denominated in a foreign currency and anticipated a decline in the value of that currency against the U.S. dollar, the Fund could hedge against such a decline by purchasing a put option on the currency involved. The Fund's ability to establish and close out positions in such options is subject to the maintenance of a liquid secondary market. The Fund will not purchase or write such options unless, in the Investment Manager's opinion, the market for them is sufficiently liquid to ensure that the risks in connection with such options are not greater than the risks in connection with

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the underlying currency. In addition, options on foreign currencies are affected by all of those factors that influence foreign exchange rates and investments generally.

The value of a foreign currency option depends upon the value of the underlying currency relative to the U.S. dollar. As a result, the price of the option position may vary with changes in the value of either or both currencies and may have no relationship to the investment merits of a foreign security. Because foreign currency transactions occurring in the interbank market involve substantially larger amounts than those that may be involved in the use of foreign currency options, investors may be disadvantaged by having to deal in an odd lot market (generally consisting of transactions of less than \$1 million) for the underlying foreign currencies at prices that are less favorable than for

round lots.

There is no systematic reporting of last sale information for foreign currencies or any regulatory requirement that quotations available through dealers and other market resources be firm or revised on a timely basis. Available quotation information is generally representative of very large transactions in the interbank market and thus may not reflect relatively smaller transactions (that is, less than \$1 million) where rates may be less favorable. The interbank market in foreign currencies is a global, around-the-clock market. To the extent that the U.S. options markets are closed while the markets for the underlying currencies remain open, significant price and rate movements may take place in the underlying markets that cannot be reflected in the options markets until they reopen.

**Special Characteristics and Risks of Options Trading.** The Fund may effectively terminate its right or obligation under an option by entering into a closing transaction. If the Fund wishes to terminate its obligation to purchase or sell securities or currencies under a put or a call option it has written, the Fund may purchase a put or a call option of the same series (that is, an option identical in its terms to the option previously written); this is known as a closing purchase transaction. Conversely, in order to terminate its right to purchase or sell specified securities or currencies under a call or put option it has purchased, the Fund may sell an option of the same series as the option held; this is known as a closing sale transaction. Closing transactions essentially permit the Fund to realize profits or limit losses on its options positions prior to the exercise or expiration of the option.

In considering the use of options to enhance returns by speculation or to hedge the Fund's portfolio, particular note should be taken of the following:

(a) The value of an option position will reflect, among other things, the current market price of the underlying security, securities index or currency, the time remaining until expiration, the relationship of the exercise price to the market price, the historical price volatility of the underlying security, securities index or currency and general market conditions. For this reason, the successful use of options depends upon the Investment Manager's ability to forecast the direction of price fluctuations in the underlying securities or

currency markets or, in the case of securities index options, fluctuations in the market sector represented by the selected index.

(b) Options normally have expiration dates of up to three years. The exercise price of the options may be below, equal to or above the current market value of the underlying security, securities index or currency. Purchased options that expire unexercised have no value. Unless an option purchased by the Fund is exercised or unless a closing transaction is effected with respect to that position, the Fund will realize a loss in the amount of the premium paid and any transaction costs.

(c) A position in an exchange-listed option may be closed out only on an exchange that provides a secondary market for identical options. Although the Fund intends to purchase or write only those exchange-traded options for which there appears to be a liquid secondary market, there is no assurance that a liquid secondary market will exist for any particular option at any particular time. Closing transactions may be effected with respect to options traded in the OTC markets only by negotiating directly with the other party to the option contract or in a secondary market for the option if such market exists. Although the Fund will enter into OTC options with dealers that appear to be willing to enter into, and that are expected to be capable of entering into, closing transactions with the Fund, there can be no assurance that the Fund would be able to liquidate an OTC option at a favorable price at any time prior to expiration. In the event of insolvency of the contra-party, the Fund may be unable to liquidate an OTC option. Accordingly, it may not be possible to effect closing transactions with respect to certain options, which would result in the Fund's having to exercise those options that it has purchased in order to realize any profit. With respect to options written by the Fund, the inability to enter into a closing transaction may result in material losses to the Fund. For example, because the Fund must maintain a covered position with respect to any call option it writes on a security, currency or securities index, it may not sell the underlying securities or currency (or invest any cash or securities

used to cover the option) during the period it is obligated under such option. This requirement may impair the Fund's ability to sell a portfolio security or make an investment at a time when such a sale or investment might be advantageous.

(d) Securities index options are settled exclusively in cash. If the Fund writes a call option on an index, it will not know in advance the difference, if any, between the closing value of the index on the exercise date and the exercise price of the call option itself and thus will not know the amount of cash payable upon settlement. In addition, a holder of a securities index option who exercises it before the closing index value for that day is available, runs the risk that the level of the underlying index may subsequently change.

(e) The Fund's activities in the options markets may result in a higher portfolio turnover rate and additional brokerage costs and taxes; however, the Fund also may save on commissions by using options as a hedge rather than buying or selling individual securities in anticipation or as a result of market movements.

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**Futures and Related Options Strategies.** The Fund may engage in futures strategies for hedging purposes to attempt to reduce the overall investment risk that would normally be expected to be associated with ownership of the securities in which it invests (or intends to acquire) or to enhance returns by speculation. This may involve, among other things, using futures strategies to manage the effective duration of the Fund. If the Investment Manager wishes to shorten the Fund's effective duration, the Fund may sell a futures contract or a call option thereon, or purchase a put option on that futures contract. If the Investment Manager wishes to lengthen the Fund's effective duration, the Fund may buy a futures contract or a call option thereon or sell a put option. Futures contracts and options thereon can also be purchased and sold to attempt to enhance income or returns by speculation. The Fund may purchase or sell futures contracts or options thereon to increase or reduce its exposure to an asset class without purchasing or selling the underlying securities, either as a hedge or to enhance returns by speculation.

The Fund may use interest rate futures contracts and options thereon to hedge its portfolio against changes in the general level of interest rates. The Fund may purchase an interest rate futures contract when it intends to purchase debt securities but has not yet done so. This strategy may minimize the effect of all or part of an increase in the market price of the debt security that the Fund intends to purchase in the future. A rise in the price of the debt security prior to its purchase may either be offset by an increase in the value of the futures contract purchased by the Fund or avoided by taking delivery of the debt securities under the futures contract. Conversely, a fall in the market price of the underlying debt security may result in a corresponding decrease in the value of the futures position. The Fund may sell an interest rate futures contract in order to continue to receive the income from a debt security, while endeavoring to avoid part or all of the decline in market value of that security that would accompany an increase in interest rates.

The Fund may purchase a call option on an interest rate futures contract to hedge against a market advance in debt securities that the Fund plans to acquire at a future date. The purchase of a call option on an interest rate futures contract is analogous to the purchase of a call option on an individual debt security, which can be used as a temporary substitute for a position in the security itself. The Fund also may write put options on interest rate futures contracts as a hedge or to enhance returns by speculation and may write covered call options on interest rate futures contracts as a hedge against a decline in the price of debt securities held in its portfolio. The Fund may also purchase put options on interest rate futures contracts in order to hedge against a decline in the value of debt securities held in its portfolio and to enhance return by speculation.

The Fund may sell securities index futures contracts in anticipation of a general market or market sector decline. To the extent that a portion of the Fund's portfolio correlates with a given index, the sale of futures contracts on that index could reduce the risks associated with a market decline and thus provide an alternative to the liquidation of securities positions. For example, if the Fund correctly anticipates a general market decline and sells securities index futures to hedge against this risk, the gain in the futures position should offset some or all of the decline in the value of the portfolio. The Fund

may purchase securities index futures contracts if a market or market sector advance is anticipated. Such a purchase of a futures contract would serve as a temporary substitute for the purchase of individual securities, which securities may then be purchased in an orderly fashion or as part of an attempt to seek capital gain by speculation. This strategy may minimize the effect of all or part of an increase in the market price of securities that the Fund intends to purchase. A rise in the price of the securities should be in part or wholly offset by gains in the futures position.

As in the case of a purchase of a securities index futures contract, the Fund may purchase a call option on a securities index futures contract to hedge against a market advance in securities that the Fund plans to acquire at a future date. The Fund also may purchase put options on securities index futures contracts as part of an attempt to seek capital gain by speculation. The purchase of put options on securities index futures contracts is analogous to the purchase of protective put options on individual securities where a level of protection is sought below which no additional economic loss would be incurred by the Fund as part of an attempt to seek capital gain by speculation.

The Fund may sell foreign currency futures contracts to hedge against possible variations in the exchange rate of foreign currencies in relation to the U.S. dollar. In addition, the Fund may sell foreign currency futures contracts when the Investment Manager anticipates a general weakening of the foreign currency exchange rate that could adversely affect the market value of the Fund's foreign securities holdings or interest payments to be received in that foreign currency or to enhance return by speculation. In this case, the sale of futures contracts on the underlying currency may reduce the risk to the Fund of a reduction in market value caused by foreign currency exchange rate variations and, by so doing, provide an alternative to the liquidation of securities positions and resulting transaction costs. When the Investment Manager anticipates a significant foreign exchange rate increase while intending to invest in a security denominated in that currency, the Fund may purchase a foreign currency futures contract to hedge against the increased rates pending completion of the anticipated transaction. Such a purchase would serve as a temporary measure to protect the Fund against any rise in the foreign currency exchange rate that may add additional costs to acquiring the foreign security position. The Fund may also purchase call or put options on foreign currency futures contracts to obtain a fixed foreign currency exchange rate at limited risk. The Fund may purchase a call option on a foreign currency futures contract to hedge against a rise in the foreign currency exchange rate while intending to invest in a security denominated in that currency or to enhance return by speculation. The Fund may purchase put options on foreign currency futures contracts as a hedge against a decline in the foreign currency exchange rates or the value of its foreign portfolio securities or to enhance returns by speculation. The Fund may write a covered put option on a foreign currency futures contract as a partial anticipatory hedge and may write a covered call option on a foreign currency futures contract as a partial hedge against the effects of declining foreign currency exchange rates on the value of foreign securities.

The Fund may also purchase these instruments to enhance income or return by speculation, for example, by writing options on futures contracts. In addition,

the Fund can use these instruments to change its exposure to securities, or interest or foreign currency exchange rate changes, for example, by changing the Fund's exposure from one foreign currency exchange rate to another.

The Fund may also write put options on interest rate, securities index or foreign currency futures contracts while, at the same time, purchasing call options on the same interest rate, securities index or foreign currency futures contract in order to synthetically create an interest rate, securities index or foreign currency futures contract. The options will have the same strike prices and expiration dates. The Fund will only engage in this strategy when it appears to be more advantageous to the Fund to do so as compared to purchasing the futures contract.

The Fund may also purchase and write covered straddles on interest rate or securities index futures contracts. A long straddle is a combination of a call and a put purchased on the same futures contract at the same exercise price. The Fund would enter into a long straddle when the Investment Manager believes that it is likely that the futures contract will be more volatile during the term of the options than is implied by the option pricing. The Fund would enter into a short straddle when it believes that it is unlikely that the futures contract will be as volatile during the term of the options as is implied by the option pricing.

**Special Characteristics and Risks of Futures and Related Options Trading.** No price is paid upon entering into a futures contract. Instead, upon entering into a futures contract, the Fund is required to segregate in the name of the futures broker through whom the transaction is effected an amount of cash or liquid securities whose value is marked to the market daily generally equal to 10% or less of the contract value. This amount is known as "initial margin." When writing a call or a put option on a futures contract, margin also must be deposited in accordance with applicable exchange rules. Unlike margin in securities transactions, initial margin on futures contracts does not involve borrowing to finance the futures transactions. Rather, initial margin on futures contracts is in the nature of a performance bond or good-faith deposit on the contract that is returned to the Fund upon termination of the transaction, assuming all obligations have been satisfied. Under certain circumstances, such as periods of high volatility, the Fund may be required by an exchange to increase the level of its initial margin payment. Additionally, initial margin requirements may be increased generally in the future by regulatory action. Subsequent payments, called "variation margin," to and from the broker, are made on a daily basis as the value of the futures or options position varies, a process known as "marking to the market." For example, when the Fund purchases a contract and the value of the contract rises, it receives from the broker a variation margin payment equal to that increase in value. Conversely, if the value of the futures position declines, the Fund is required to make a variation margin payment to the broker equal to the decline in value. Variation margin does not involve borrowing to finance the futures transaction but rather represents a daily settlement of the Fund's obligations to or from a clearing organization.

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Buyers and sellers of futures positions and options thereon can enter into offsetting closing transactions, similar to closing transactions on options on securities, by selling or purchasing an offsetting contract or option. Futures contracts or options thereon may be closed only on an exchange or board of trade providing a secondary market for such futures contracts or options.

Under certain circumstances, futures exchanges may establish daily limits on the amount that the price of a futures contract or related option may vary either up or down from the previous day's settlement price. Once the daily limit has been reached in a particular contract, no trades may be made that day at a price beyond that limit. The daily limit governs only price movements during a particular trading day and therefore does not limit potential losses, because prices could move to the daily limit for several consecutive trading days with little or no trading and thereby prevent prompt liquidation of unfavorable positions. In such event, it may not be possible for the Fund to close a position and, in the event of adverse price movements, it would have to make daily cash payments of variation margin (except in the case of purchased options). However, if futures contracts have been used to hedge portfolio securities, such securities will not be sold until the contracts can be terminated. In such circumstances, an increase in the price of the securities, if any, may partially or completely offset losses on the futures contract. However, there is no guarantee that the price of the securities will, in fact, correlate with the price movements in the contracts and thus provide an offset to losses on the contracts.

In considering the Fund's use of futures contracts and related options, particular note should be taken of the following: (1) Successful use by the Fund of futures contracts and related options will depend upon the Investment Manager's ability to predict movements in the direction of the overall securities, currencies and interest rate markets, which requires different skills and techniques than predicting changes in the prices of individual securities. Moreover, futures contracts relate not only to the current price level of the underlying instrument or currency but also to the anticipated price levels at some point in the future. There is, in addition, the risk that the

movements in the price of the futures contract will not correlate with the movements in the prices of the securities or currencies being hedged. For example, if the price of a securities index futures contract moves less than the price of the securities that are the subject of the hedge, the hedge will not be fully effective, but if the price of the securities being hedged has moved in an unfavorable direction, the Fund would be in a better position than if it had not hedged at all. If the price of the securities being hedged has moved in a favorable direction, the advantage may be partially offset by losses in the futures position. In addition, if the Fund has insufficient cash, it may have to borrow or sell assets from its portfolio to meet daily variation margin requirements. Any such sale of assets may or may not be made at prices that reflect a rising market. Consequently, the Fund may need to sell assets at a time when such sales are disadvantageous to it. If the price of the futures contract moves more than the price of the underlying securities, the Fund will experience either a loss or a gain on the futures contract that may or may not be completely offset by movements in the price of the securities that are the subject of the hedge.

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(2) In addition to the possibility that there may be an imperfect correlation, or no correlation at all, between price movements in the futures position and the securities or currencies being hedged, movements in the prices or futures contracts may not correlate perfectly with movements in the prices of the hedged securities or currencies due to price distortions in the futures market. There may be several reasons unrelated to the value of the underlying securities or currencies that cause this situation to occur. First, as noted above, all participants in the futures market are subject to initial and variation margin requirements. If, to avoid meeting additional margin deposit requirements or for other reasons, investors choose to close a significant number of futures contracts through offsetting transactions, distortions in the normal price relationship between the securities or currencies and the futures markets may occur. Second, because the margin deposit requirements in the futures market are less onerous than margin requirements in the securities market, there may be increased participation by speculators in the futures market; such speculative activity in the futures market also may cause temporary price distortions. As a result, a correct forecast of general market trends may not result in successful hedging through the use of futures contracts over the short term. In addition, activities of large traders in both the futures and securities markets involving arbitrage and other investment strategies may result in temporary price distortions.

(3) Positions in futures contracts may be closed out only on an exchange or board of trade that provides a secondary market for such futures contracts. Although the Fund intends to purchase and sell futures only on exchanges or boards of trade where there appears to be an active secondary market, there is no assurance that a liquid secondary market on an exchange or board of trade will exist for any particular contract at any particular time. In such event, it may not be possible to close a futures position, and in the event of adverse price movements, the Fund would continue to be required to make variation margin payments.

(4) Like options on securities and currencies, options on futures contracts have limited life. The ability to establish and close out options on futures will be subject to the development and maintenance of liquid secondary markets on the relevant exchanges or boards of trade. There can be no certainty that such markets for all options on futures contracts will develop.

(5) Purchasers of options on futures contracts pay a premium at the time of purchase. This amount and the transaction costs are all that is at risk. Sellers of options on futures contracts, however, must post initial margin and are subject to additional margin calls that could be substantial in the event of adverse price movements. In addition, although the maximum amount at risk when the Fund purchases an option is the premium paid for the option and the transaction costs, there may be circumstances when the purchase of an option on a futures contract would result in a loss to the Fund when the use of a futures contract would not, such as when there is no movement in the level of the underlying securities index value or the securities or currencies being hedged.

(6) As is the case with options, the Fund's activities in the futures markets may result in a higher portfolio turnover rate and additional transaction costs in the form of added brokerage commissions and taxes; however,



the Fund also may save on commissions by using futures contracts or options thereon as a hedge rather than buying or selling individual securities or currencies in anticipation or as a result of market movements.

Special Risks Related to Foreign Currency Futures Contracts and Related Options. Buyers and sellers of foreign currency futures contracts are subject to the same risks that apply to the use of futures generally. In addition, there are risks associated with foreign currency futures contracts and their use as a hedging device similar to those associated with options on foreign currencies described above.

Options on foreign currency futures contracts may involve certain additional risks. The ability to establish and close out positions on such options is subject to the maintenance of a liquid secondary market. Compared to the purchase or sale of foreign currency futures contracts, the purchase of call or put options thereon involves less potential risk to the Fund because the maximum amount at risk is the premium paid for the option (plus transaction costs). However, there may be circumstances when the purchase of a call or put option on a foreign currency futures contract would result in a loss, such as when there is no movement in the price of the underlying currency or futures contract, when the purchase of the underlying futures contract would not.

Forward Currency Contracts. The Fund may use forward currency contracts to protect against uncertainty in the level of future foreign currency exchange rates or to enhance returns by speculation.

The Fund may enter into forward currency contracts with respect to specific transactions. For example, when the Fund enters into a contract for the purchase or sale of a security denominated in a foreign currency, or the Fund anticipates the receipt in a foreign currency of dividend or interest payments on a security that it holds or anticipates purchasing, it may desire to "lock in" the U.S. dollar price of the security or the U.S. dollar equivalent of such payment, as the case may be, by entering into a forward contract for the purchase or sale, for a fixed amount of U.S. dollars or foreign currency, of the amount of foreign currency involved in the underlying transaction. The Fund will thereby be able to protect itself against a possible loss resulting from an adverse change in the relationship between the currency exchange rates during the period between the date on which the security is purchased or sold, or on which the payment is declared or accrues, and the date on which such payments are made or received.

The Fund also may hedge by using forward currency contracts in connection with portfolio positions to lock in the U.S. dollar value of those positions, to increase the Fund's exposure to foreign currencies that the Investment Manager believes may rise in value relative to the U.S. dollar or to shift the Fund's exposure to foreign currency fluctuations from one country to another. For example, when the Investment Manager believes that the currency of a particular foreign country may suffer a substantial decline relative to the U.S. dollar or another currency, it may enter into a forward contract to sell the amount of the former foreign currency approximating the value of some of all of the Fund's portfolio securities denominated in such foreign currency. This investment

practice generally is referred to as "cross-hedging" when another foreign currency is used.

The precise matching of the forward contract amounts and the value of the securities involved will not generally be possible because the future value of such securities in foreign currencies will change as a consequence of market movements in the value of those securities between the date the forward contract is entered into and the date it matures. Accordingly, it may be necessary for the Fund to purchase additional foreign currency on the spot (that is, cash) market (and bear the expense of such purchase) if the market value of the security is less than the amount of foreign currency the Fund is obligated to deliver and if a decision is made to sell the security and make delivery of the foreign currency. Conversely, it may be necessary to sell on the spot market some of the foreign currency received upon the sale of the portfolio security if the market value of the security exceeds the amount of foreign currency the Fund is obligated to deliver. The projection of short-term currency market movements

is extremely difficult, and the successful execution of a short-term hedging strategy is highly uncertain. Forward contracts involve the risk that anticipated currency movements will not be accurately predicted, causing the Fund to sustain losses on these contracts and transaction costs. Under normal circumstances, consideration of the prospects for currency parities will be incorporated into the longer term investment decisions made with regard to overall diversification or other investment strategies. However, the Investment Manager believes that it is important to have the flexibility to enter into such forward contracts when it determines that the best interests of the Fund will be served.

At or before the maturity date of a forward contract requiring the Fund to sell a currency, it may either sell a portfolio security and use the sale proceeds to make delivery of the currency or retain the security and offset its contractual obligation to deliver the currency by purchasing a second contract pursuant to which it will obtain, on the same maturity date, the same amount of the currency that it is obligated to deliver. Similarly, the Fund may close out a forward contract requiring it to purchase a specified currency by entering into a second contract entitling it to sell the same amount of the same currency on the maturity date of the first contract. The Fund would realize a gain or loss as a result of entering into such an offsetting forward currency contract under either circumstance to the extent the exchange rate or rates between the currencies involved moved between the execution dates of the first contract and the offsetting contract.

The cost to the Fund of engaging in forward currency contracts varies with factors such as the currencies involved, the length of the contract period and the market conditions then prevailing. Because forward currency contracts are usually entered into on a principal basis, no fees or commissions are involved. The use of forward currency contracts does not eliminate fluctuations in the prices of the underlying securities the Fund owns or intends to acquire, but it does fix a rate of exchange in advance. In addition, although forward currency contracts limit the risk of loss due to a decline in the value of the hedged currencies, at the same time they limit any potential gain that might result should the value of the currencies increase.

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Although the Fund values its assets daily in terms of U.S. dollars, it does not intend to convert its holdings of foreign currencies into U.S. dollars on a daily basis. The Fund may convert foreign currency from time to time, and investors should be aware of the costs of currency conversion. Although foreign exchange dealers do not charge a fee for conversion, they do realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer may offer to sell a foreign currency to the Fund at one rate, while offering a lesser rate of exchange should the Fund desire to resell that currency to the dealer.

### REVERSE REPURCHASE AGREEMENTS

The Fund may enter into reverse repurchase agreements. Under such an agreement, the Fund sells an underlying security to a creditworthy securities dealer or bank and agrees to repurchase it at an agreed-upon date and price reflecting a market rate of interest. Such agreements are considered to be borrowings and involve leveraging, which is speculative and increases both investment opportunity and investment risk. When the Fund enters into a reverse repurchase agreement, its custodian will set aside in a segregated account cash or liquid securities the value of which is marked to market daily with a market value at least equal to the repurchase price. If necessary, assets will be added to the account daily so that the value of the account will not be less than the amount of the Fund's purchase commitment. Such agreements are subject to the risk that the benefit of purchasing a security with the proceeds of the sale by the Fund will be less than the cost to the Fund of transacting the reverse repurchase agreement. Such agreements will be entered into when, in the judgment of the Investment Manager, the risk is justified by the potential advantage of total return.

### LENDING

The Fund may lend portfolio securities or other assets for a fee to other parties. The loan would be continuously secured by cash, securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, or any combination of cash and such securities, as collateral equal at all times to at

least the market value of the assets lent. Including such collateral as part of the Fund's total assets, the securities on loans will not exceed one-third of its total assets. There are risks to the Fund of delay in receiving additional collateral and risks of delay in recovery of, and failure to recover, the assets lent should the borrower fail financially or otherwise violate the terms of the lending agreement. Loans will be made only to borrowers deemed to be of good standing. Any loan made by the Fund will provide that it may be terminated by either party upon reasonable notice to the other party.

#### INVESTMENT RESTRICTIONS

The following fundamental investment restrictions may not be changed without the approval of the lesser of (a) 67% or more of the voting securities of the Fund present at a meeting if the holders of more than 50% of the

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outstanding voting securities of the Fund are present or represented by proxy or (b) more than 50% of the outstanding voting securities of the Fund. Any investment restriction which involves a maximum percentage of securities or assets will not be considered to be violated unless an excess over the percentage occurs immediately after, and is caused by, an acquisition of securities or assets of, or borrowing by, the Fund. The Fund may not:

- (1) Purchase a security, if as a result, 25% or more of the value of the Fund's total assets would be invested in the securities of issuers in a single industry, provided that this limitation does not apply to securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities;
- (2) Purchase or sell real estate (although it may purchase securities of companies whose business involves the purchase or sale of real estate);
- (3) Invest in commodities or commodities futures contracts, although it may enter into financial and foreign currency futures contracts and options thereon, options on foreign currencies, and forward contracts on foreign currencies;
- (4) Lend its assets, except as permitted by applicable law;
- (5) Underwrite the securities of other issuers except to the extent the Fund may be deemed to be an underwriter under the Federal securities laws in connection with the disposition of the Fund's authorized investments; or
- (6) Issue senior securities as defined in the Investment Company Act of 1940, as amended (the "1940 Act") (including borrowing money), except as permitted by applicable law.

The Fund, notwithstanding any other investment policy or restriction (whether or not fundamental), may invest all of its assets in the securities or beneficial interests of a single pooled investment fund having substantially the same investment objectives, policies and restrictions as the Fund.

#### THE INVESTMENT COMPANY COMPLEX

The investment companies in the Winmill & Co. Incorporated ("WCI") ("Investment Company Complex") are:

Global Income Fund, Inc.  
Foxby Corp.  
Midas Dollar Reserves, Inc.  
Midas Fund, Inc.  
Midas Special Equities Fund, Inc.

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#### OFFICERS AND DIRECTORS

The Fund's Board is responsible for the management and supervision of the Fund. The Board approves all significant agreements with those companies that furnish services to the Fund. These companies are as follows: CEF Advisers, Inc., the Investment Manager; Unified Fund Services, net asset value accounting; Tait, Weller & Baker, auditors; American Stock Transfer & Trust Company,

Transfer Agent and Registrar, Subscription Agent for the rights offering, and agent for the Fund's Dividend Reinvestment Plan; and, State Street Bank & Trust Co., Custodian.

The directors who are not interested persons of the Investment Manager as defined in section 2(a)(19) of the 1940 Act ("Independent Directors") are also members of the Audit Committee of the Board, which meets twice a year. The function of the Audit Committee is routinely to review financial statements and other audit-related matters as they arise throughout the year. The Fund has an Executive Committee comprised of Thomas B. Winmill, the function of which is to exercise the powers of the Board between meetings of the Board to the extent permitted by law to be delegated and not delegated by the Board to any other committee. The Fund has a committee of Continuing Directors to take such actions as are required by the Charter and By-Laws of the Fund. The Fund has no standing nominating or compensation committee or any committee performing similar functions.

The Fund's Board of Directors is divided into five classes with the term of office of one class expiring each year.

The Directors of the Fund, their respective offices, ages and principal occupations during the last five years are set forth below. Unless otherwise noted, the address of record of each is 11 Hanover Square, New York, NY 10005.

<TABLE>  
<CAPTION>

Name, Principal Occupation, Business Experience for Past Five Years, and Age	Director Since	Number of Portfolios in Investment Company Complex Overseen by Director	Other Directorships held by Director**
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Independent Directors:

<S> GEORGE B. LANGA - He is President and CEO of Langa Communications Corp., a niche marketing company that he founded in 1986. He is currently Chairman of the Board for The Foundation of Hudson Valley Libraries. He was born on August 31, 1962.	<C> 1997	<C> 2	<C> 0
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PETER K. WERNER - Since 1996 he has taught and directed many programs at The Governor Dummer Academy. Previously, he was Vice President of Money Market Trading at Lehman Brothers. He was born on August 16, 1957.	1997	2	0
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DAVID R. STACK - He is a partner with the law firm of McLaughlin & Stern, LLP. He was born on January 24, 1957.	2002	2	0
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Interested Directors:

BASSETT S. WINMILL* - Chairman of the Board. He is Chairman of the Board of the Fund, as well as of certain other investment companies advised by the Investment Manager and its affiliates, and of Winmill & Co. Incorporated ("WCI"). He is a member of the New York Society of Security Analysts, the Association for Investment Management and Research, and the International Society of Financial Analysts. He was born on February 10, 1930.	1997	1	Winmill & Co. Incorporated, Bexil Corporation, Tuxis Corporation
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THOMAS B. WINMILL, ESQ.* - President, Chief Executive Officer, and General Counsel. He is President, Chief Executive Officer, and General Counsel of the other investment companies advised by the Investment Manager and its affiliates, and of WCI (the "Investment Company Complex"). He is also President of the Investment Manager. He is a member of the New York State Bar and the SEC Rules Committee of the Investment Company Institute. He was born on June 25, 1959.	1997	5	Winmill & Co. Incorporated, Bexil Corporation, Tuxis Corporation, Golden Cycle Gold Corporation
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</TABLE>

\* Bassett S. Winmill and Thomas B. Winmill are "interested persons" of the Fund as defined by the 1940 Act, because of their positions with the Investment Manager. Bassett S. Winmill, Chairman of the Board of the Fund, is the father of Thomas B. Winmill, the President, Chief Executive Officer and General Counsel of the Fund.

\*\* Refers to directorships held by a director in any company with a class of securities registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any company registered as an investment company under the 1940 Act.

The executive officers of the Fund each serve at the pleasure of the Board of Directors. Unless otherwise noted, the address of each is 11 Hanover Square, New York, NY 10005. The executive officers of the Fund, other than those who serve as Directors, and their relevant biographical information are set forth below:

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WILLIAM G. VOHRER - Chief Accounting Officer, Chief Financial Officer, Treasurer and Vice President. He also is Chief Accounting Officer, Chief Financial Officer, Treasurer and Vice President of the other investment companies in the Investment Company Complex, the Investment Manager and WCI and its affiliates. From 1999-2001, he consulted on accounting matters. Prior to 1999, he was Chief Financial Officer and Financial Operations Principal for Nafinsa Securities, Inc., a Mexican securities broker/dealer. He was born on August 17, 1950.

MARION E. MORRIS - Senior Vice President. She is also a Senior Vice

President of the other investment companies in the Investment Company Complex, the Investment Manager and WCI and its affiliates. She is Director of Fixed Income and a member of the Investment Policy Committee of the Investment Manager. From 1997 to 2000, she acted as general manager of Michael Trapp, a landscape designer. Previously, she served as Vice President of Solomon Brothers, The First Boston Corporation, and Cantor. She was born on June 17, 1945.

MONICA PELAEZ - Vice President, Secretary and Chief Compliance Officer. She also is Vice President, Secretary and Chief Compliance Officer of the other investment companies in the Investment Company Complex, the Investment Company Complex, the Investment Manager, and WCI and its affiliates. Previously, she was Special Assistant Corporation Counsel to New York City Administration for Children's Services from 1998 to 2000. She earned her Juris Doctor from St. John's University School of Law in 1997. She is a member of the New York State Bar. She was born on November 5, 1971.

The following table sets forth information regarding the beneficial ownership of the Fund's outstanding shares as of \_\_\_\_\_, 2004 by (i) each director, nominee and executive officer and (ii) all directors and executive officers as a group.

Name of Director or Officer	Number of Shares	Percent of Outstanding Shares
-----------------------------	------------------	-------------------------------

Independent Directors:

George B. Langa		**
David R. Stack		**
Peter K. Werner		**

Interested Directors:

Bassett S. Winmill		**
Thomas B. Winmill		**

Officers:

Marion E. Morris	None	**
Monica Pelaez	None	**

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William G. Vohrer	None	**
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Total shares held by directors and officers as a group	-----	**
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\*\*Less than 1% of the outstanding shares

To the knowledge of the Fund's management, as of \_\_\_\_\_, 2004, no shareholder beneficially owned 5% or more of the outstanding shares of the Fund.

The following table sets forth information describing the dollar range of equity securities beneficially owned by each Director of the Fund and, on an aggregate basis, the Investment Company Complex as of \_\_\_\_\_, 2004.

<TABLE>

<CAPTION>

Aggregate Dollar Range of Equity  
Securities in All Registered  
Investment Companies Overseen by

Name of Director	Dollar Range of Equity Securities in the Fund	Director in the Family of Investment Companies
------------------	--	---

Independent Directors:

<S>	<C>	<C>
George B. Langa	\$ _____	\$ _____
Peter K. Werner	\$ _____	\$ _____
David R. Stack	\$ _____	\$ _____

Interested Directors:

Bassett S. Winmill	\$ _____	\$ _____
Thomas B. Winmill	\$ _____	\$ _____

</TABLE>

As of December 31, 2002, no Independent Director owned beneficially or of record any securities in the Fund's Investment Manager or in any person controlled by, under common control with, or controlling the Investment Manager.

Currently, the Fund pays its Directors who are "interested persons" or affiliated with the Investment Manager an annual retainer of \$2,000 and a per meeting fee of \$2,500, and reimburses them for their meeting expenses. The Fund also pays such Directors \$250 per special telephonic meeting attended and per committee meeting attended. The Fund does not pay any other remuneration to its executive officers and Directors, and the Fund has no bonus, pension, profit-sharing or retirement plan. The Fund had \_\_\_ Board meetings, one audit committee meeting, and \_\_\_ executive committee meetings during the Fund's most recently completed fiscal year ended December 31, 2003. Each Director attended

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all Board and committee meetings held during such periods during the time such Director was in office.

The aggregate amount of compensation paid to each Director by the Fund and by the other investment companies in the Investment Company Complex for which such Director was a board member (the number of which is set forth in parenthesis next to the Director's name) for the year ended December 31, 2003, is as follows:

Name of Director (Current Total Number of Investment Companies)*	Aggregate Total Compensation from the Fund	Total Compensation from the Fund and Investment Company Complex
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Independent Directors:

George B. Langa (2)  
 David R. Stack (2)  
 Peter K. Werner (2)

Interested Directors:

Bassett S. Winmill (1)	\$ 0	\$ 0
Thomas B. Winmill (5)	\$ 0	\$ 0

\* During the fiscal year ended December 31, 2003, there were two investment companies managed by the Investment Manager.

PROXY VOTING

The Fund has delegated proxy voting authority to an independent third party voting service, but retains the right to override the delegation to the independent third party voting service on a case by case basis. With respect to a vote upon which the Fund overrides the third party voting service delegation, to the extent that such vote presents a conflict of interest with management, the Fund will disclose such conflict to, and obtain consent from, the Fund's Independent Directors or a committee thereof, prior to voting.

The Fund's Policy is available, without charge, by calling the Fund at (212) 635-0671 and on the Fund's website at [HTTP://WWW.GLOBALINCOMEFUNDD.NET](http://WWW.GLOBALINCOMEFUNDD.NET). In addition for the one year period that will end June 30, 2004, the Fund will make available information regarding how the Fund voted proxies relating to its portfolio securities to shareholders without charge, upon request by calling the Fund at (212) 635-0671 and on the SEC's website at [HTTP://WWW.SEC.GOV](http://WWW.SEC.GOV).

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INVESTMENT MANAGER

The Investment Manager, a registered investment adviser, acts as general manager of the Fund, being responsible for the various functions assumed by it, including the regular furnishing of advice with respect to portfolio transactions. The Investment Manager is a wholly-owned subsidiary of WCI. WCI's other principal subsidiaries include Midas Management Corporation, a registered investment adviser and Investor Service Center, Inc., a registered broker-dealer. WCI's corporate affiliates also include Bexil Corporation and

Tuxis Corporation. The Fund and the other investment companies in the Investment Company Complex had net assets in excess of approximately \$ 143 million as of December 1, 2003.

Winco is a publicly owned company whose securities are listed on the NASDAQ Stock Market. Bassett S. Winmill, an affiliated person of the Fund, may be deemed a controlling person of Winco on the basis of his ownership of 100% of Winco's voting stock and, therefore, of the Investment Manager.

The Fund and the Investment Manager each has adopted a code of ethics (the "Code of Ethics") that permits its personnel, subject to the Code of Ethics, to invest in securities for their own accounts, including securities that may be purchased or held by the Fund. The Investment Manager's Code of Ethics restricts the personal securities transactions of its employees, and requires portfolio managers and other investment personnel to comply with the Code's preclearance and disclosure procedures. Its primary purpose is to ensure that personal trading by the Investment Manager's employees does not disadvantage the Fund. The Code of Ethics is also available on the EDGAR database on the Securities and Exchange Commission's web site at [HTTP://WWW.SEC.GOV](http://WWW.SEC.GOV). Copies of the Code of Ethics may also be obtained, after paying a duplicating fee, by electronic request at the following e-mail address: [PUBLICINFO@SEC.GOV](mailto:PUBLICINFO@SEC.GOV), or by writing the Securities and Exchange Commission's Public Reference Room Section, Washington, D.C. 20549-0102.

#### INVESTMENT MANAGEMENT AGREEMENT

Under the Investment Management Agreement, the Fund assumes and pays all expenses required for the conduct of its business including, but not limited to, custodian and transfer agency fees, accounting and legal fees, investment management fees, fees of disinterested Directors, association fees, printing, salaries of certain administrative and clerical personnel, necessary office space, all expenses relating to the registration or qualification of the shares of the Fund under Blue Sky laws and reasonable fees and expenses of counsel in connection with such registration and qualification, miscellaneous expenses and such non-recurring expenses as may arise, including actions, suits or proceedings affecting the Fund and the legal obligation which the Fund may have to indemnify its officers and Directors with respect thereto.

As compensation for its services to the Fund, the Investment Manager receives an investment management fee, payable monthly, based on the average

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weekly net assets of the Fund, at the annual rate of 7/10 of 1% of the first \$250 million, 5/8 of 1% from \$250 million to \$500 million, and 1/2 of 1% over \$500 million. The Investment Manager has agreed in the Investment Management Agreement that it will waive all or part of its fee or reimburse the Fund monthly if, and to the extent that, the Fund's aggregate operating expenses exceed the most restrictive limit imposed by any state in which shares of the Fund are qualified for sale. Currently, the Fund is not subject to any such state-imposed limitations. For the fiscal years ended December 31, 2000, 2001 and 2002 and the six months ended June 30, 2003, the Fund paid to the Investment Manager investment management fees of \$204,663, \$208,607, \$197,320, and \$95,460, respectively.

Pursuant to the Investment Management Agreement, if requested by the Fund's Board of Directors, the Investment Manager may provide other services to the Fund such as, without limitation, the functions of billing, accounting, certain shareholder communications and services, administering state and Federal registrations, filings and controls and other administrative services. Any services so requested and performed will be for the Fund's account and the Investment Manager's costs to render such services shall be reimbursed by the Fund subject to examination by those Directors of the Fund who are not "interested persons" of the Investment Manager or any affiliate thereof. For the fiscal years ended December 31, 2000, 2001 and 2002 and for the six months ended June 30, 2003, the Fund reimbursed the Investment Manager \$20,482, \$29,045, \$39,677 and \$25,606, respectively, for such services.

The Investment Management Agreement provides that the Investment Manager will not be liable to the Fund or any shareholder of the Fund for any error of judgment or mistake of law or for any loss suffered by the Fund in connection with the matters to which the agreement relates. Nothing contained in the



Investment Management Agreement, however, may be construed to protect the Investment Manager against any liability to the Fund by reason of the Investment Manager's willful misfeasance, bad faith, or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under the Investment Management Agreement.

In considering approval of the continuance of the Investment Management Agreement, the Directors reviewed, among other things, the expenses incurred by the Investment Manager in managing the Fund, the quality of the service provided by, and the investment performance of the Fund under the direction of the Investment Manager and the personnel that had been performing such services. The directors also considered the following factors: (1) the nature, quality and scope of services provided by the Investment Manager to the Fund; (2) the Investment Manager's capacity to continue to provide the advisory services currently being performed and other factors which would affect positively or negatively the continuation of those services; (3) the fairness of the contract terms; (4) the extent to which economies of scale, if available, have been taken into account in setting the fee schedule; (5) the existence of any "fall-out" benefits to the Investment Manager; (6) the comparison of the advisory fees to those of similar funds; and (7) the profitability of investment advisory business and related revenues to the Investment Manager.

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The Investment Management Agreement will continue in effect, unless sooner terminated as described below, for successive periods of twelve months, provided such continuance is specifically approved at least annually by (a) the Directors or by the holders of a majority of the outstanding voting securities of the Fund as defined in the 1940 Act and (b) a vote of a majority of the Directors who are not parties to the Investment Management Agreement, or interested persons of any such party. The Investment Management Agreement may be terminated without penalty at any time either by a vote of the Board of Directors of the Fund or by the holders of a majority of the outstanding voting securities of the Fund, as defined in the 1940 Act, on 60 days' written notice to the Investment Manager, or by the Investment Manager on 60 days' written notice to the Fund, and shall immediately terminate in the event of its assignment.

#### DETERMINATION OF NET ASSET VALUE

The net asset value of the Fund's shares will normally be calculated (a) no less frequently than weekly, (b) on the last business day of each month and (c) at any other time determined by the Board of Directors. Net asset value is calculated by dividing the value of the Fund's net assets (the value of its assets less its liabilities) by the total number of shares of its common stock outstanding. All securities for which market quotations are readily available, which normally include the options and futures in which the Fund may invest, are valued at the last sales price on the primary exchange on which they are traded prior to the time of determination, or, if no sales price is available at that time, at the closing price quoted for the securities (but if bid and asked quotations are available, at the mean between the last current bid and asked prices, rather than the quoted closing price). Securities that are traded in the unregulated market are valued, if bid and asked quotations are available, at the mean between the current bid and asked prices. If bid and asked quotations are not available, then such securities are valued as determined in good faith pursuant to procedures established by the Board of Directors.

Foreign securities, if any, are valued at the price in a principal market where they are traded, or, if last sale prices are unavailable, at the mean between the last available bid and ask quotations. Foreign security prices are expressed in their local currency and translated into U.S. dollars at current exchange rates. Any changes in the value of forward contracts due to exchange rate fluctuations are included in the determination of the net asset value. Foreign currency exchange rates are generally determined prior to the close of trading on the NYSE. Occasionally, events affecting the value of foreign securities and such exchange rates occur between the time at which they are determined and the close of trading on the NYSE, which events will not be reflected in a computation of the Fund's net asset value on that day. If events materially affecting the value of such securities or exchange rates occur during such time period, the securities will be valued at their fair value as determined in good faith under the direction of the Fund's Board of Directors.

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## ALLOCATION OF BROKERAGE

The Fund seeks to obtain prompt execution of orders at the most favorable net prices. The Fund is not currently obligated to deal with any particular broker, dealer or group thereof. Fund transactions in debt and OTC securities generally are with dealers acting as principals at net prices with little or no brokerage costs. In certain circumstances, however, the Fund may engage a broker as agent for a commission to effect transactions for such securities. Purchases of securities include a commission or concession paid to the underwriter, and purchases from dealers include a spread between the bid and asked price. While the Investment Manager generally seeks reasonably competitive spreads or commissions, payments of the lowest spread or commission are not necessarily consistent with obtaining the best net results. Accordingly, the Fund will not necessarily be paying the lowest spread or commission available.

The Investment Manager directs portfolio transactions to dealers who provide research and other services in the execution of orders. There is no certainty that the services provided, if any, will be beneficial to the Fund, and it may be that other affiliated investment companies will derive benefit therefrom. It is not possible to place a dollar value on such services received by the Investment Manager from dealers effecting transactions in portfolio securities. Such services may permit the Investment Manager to supplement its own research and other activities and may make available to the Investment Manager the opinions and information of individuals and research staffs of other securities firms. For the fiscal years ended December 31, 2001, 2002 and 2003, the Fund paid \$7,845, \$0 and \$\_\_\_, respectively, in brokerage commissions to dealers who provided research and other services.

Investment decisions for the Fund and for other funds managed by the Investment Manager or its affiliates are made independently based on each fund's investment objectives and policies. The same investment decision, however, may occasionally be made for two or more funds. In such a case, the Investment Manager may combine orders for two or more Funds for a particular security if it appears that a combined order would reduce brokerage commissions and/or result in a more favorable transaction price. Combined purchase or sale orders are then averaged as to price and allocated as to amount according to a formula deemed equitable to each fund. While in some cases this practice could have a detrimental effect upon the price or quantity of the security available with respect to the Fund, the Investment Manager believes that the larger volume of combined orders can generally result in better execution and prices.

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## TAXES

The Fund has qualified and intends to continue to qualify for treatment as a regulated investment company ("RIC") under Subchapter M of the Internal Revenue Code of 1986, as amended (the "Code"). To qualify for such treatment, the Fund must distribute to its shareholders for each taxable year at least 90% of its investment company taxable income (consisting generally of net investment income, the excess of net short-term capital gain over net long-term capital loss and net gains from certain foreign currency transactions, all determined without regard to any deduction for dividends paid) ("Distribution Requirement") and must meet several additional requirements. Among these requirements are the following: (1) at least 90% of the Fund's gross income each taxable year must be derived from dividends, interest, payments with respect to securities loans and gains from the sale or other disposition of securities or foreign currencies, or other income (including gains from options, futures or forward contracts) derived with respect to its business of investing in securities or those currencies ("Income Requirement") and (2) the Fund's investments must satisfy certain diversification requirements at the close of each quarter of its taxable year. In any year during which the Fund so qualifies, it will not be liable for federal income tax on its investment company taxable income or its net capital gain (i.e., the excess of net long-term capital gain over net short-term capital loss), reduced by capital loss carryovers from prior years, if any, that it distributes to its shareholders.

If the Fund failed to qualify for treatment as a RIC for any taxable year, (1) it would be taxed as an ordinary corporation on the full amount of its taxable income for that year without being able to deduct the distributions it makes to its shareholders and (2) its shareholders would treat all those distributions, including distributions of net capital gain, as dividends to the extent of the Fund's earnings and profits, which dividends would be taxable as

ordinary income (or, if they are "qualified dividend income" as described in the Prospectus ("QDI"), at the capital gain rate, which is a maximum of 15% for individual shareholders) and would be eligible for the dividends-received deduction available to corporations under certain circumstances. In addition, the Fund could be required to recognize unrealized gains, pay substantial taxes and interest and make substantial distributions before requalifying for RIC treatment.

The Fund will be subject to a nondeductible 4% excise tax ("Excise Tax") to the extent it fails to distribute by the end of any calendar year an amount equal to the sum of (1) at least 98% of its ordinary income for the calendar year, (2) at least 98% of its capital gain net income for the one-year period ending on October 31 of that year and (3) generally, income and gain not distributed or not subject to corporate tax in the prior calendar year. The Fund intends to avoid imposition of the Excise Tax by making adequate distributions.

The use of hedging strategies, such as writing (selling) and purchasing options and futures contracts and entering into forward currency contracts, involves complex rules that will determine for income tax purposes the amount, character and timing of recognition of the gains and losses the Fund realizes in connection therewith. Gain from the disposition of foreign currencies (except certain gains therefrom that may be excluded by future regulations), and gains from options, futures and forward currency contracts the Fund derives with

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respect to its business of investing in securities or foreign currencies, will be treated as qualifying income under the Income Requirement. The Fund will monitor its transactions, make appropriate tax elections and make appropriate entries in its books and records when it acquires any foreign currency, option, futures contract, forward contract or hedged investment to mitigate the effect of these rules, prevent its disqualification as a RIC and minimize the imposition of federal income and excise taxes.

Some futures, foreign currency contracts and "nonequity" options (i.e., certain listed options, such as those on a "broad-based" securities index) in which the Fund invests may be subject to section 1256 of the Code (collectively "section 1256 contracts"). Any section 1256 contracts that the Fund holds at the end of its taxable year generally must be "marked-to-market" (that is, treated as having been sold at that time for their fair market value) for federal income tax purposes, with the result that unrealized gains or losses will be treated as though they were realized. Sixty percent of any net gain or loss recognized on these deemed sales, and 60% of any net realized gain or loss from any actual sales of section 1256 contracts, will be treated as long-term capital gain or loss, and the balance will be treated as short-term capital gain or loss. These rules may operate to increase the amount the Fund must distribute to satisfy the Distribution Requirement (i.e., with respect to the portion treated as short-term capital gain), which will be taxable to its shareholders as ordinary income, and to increase the net capital gain the Fund recognizes, without in either case increasing the cash available to it. The Fund may elect not to have the foregoing rules apply to any "mixed straddle" (that is, a straddle, which the Fund clearly identifies in accordance with applicable regulations, at least one (but not all) of the positions of which are section 1256 contracts), although doing so may have the effect of increasing the relative proportion of net short-term capital gain (taxable as ordinary income) and thus increasing the amount of dividends it must distribute. Section 1256 contracts also are marked-to-market for purposes of the Excise Tax.

Under Code section 988, gains or losses (1) from the disposition of foreign currencies, including forward currency contracts, (2) except in certain circumstances, from options and forward contracts on foreign currencies (and on financial instruments involving foreign currencies), (3) on the disposition of each foreign-currency-denominated debt security that are attributable to fluctuations in the value of the foreign currency between the dates of acquisition and disposition of the security and (4) that are attributable to exchange rate fluctuations between the time the Fund accrues interest, dividends or other receivables or expenses or other liabilities denominated in a foreign currency and the time it actually collects the receivables or pays the liabilities generally will be treated as ordinary income or loss. These gains or losses will increase or decrease the amount of the Fund's investment company taxable income to be distributed to its shareholders as ordinary income, rather than affecting the amount of its net capital gain. If section 988 losses exceed

other investment company taxable income during a taxable year, the Fund would not be able to distribute any dividends, and any distributions made during that year before the losses were realized would be recharacterized as a return of capital to shareholders, rather than as a dividend, thereby reducing each shareholder's basis in his or her Fund shares.

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Offsetting positions the Fund enters into or holds in any actively traded security, option, futures or forward contract may constitute a "straddle" for federal income tax purposes. Straddles are subject to certain rules that may affect the amount, character and timing of recognition of the Fund's gains and losses with respect to positions of the straddle by requiring, among other things, that (1) loss realized on disposition of one position of a straddle be deferred to the extent of any unrealized gain in an offsetting position until the latter position is disposed of, (2) the Fund's holding period in certain straddle positions not begin until the straddle is terminated (possibly resulting in gain being treated as short-term rather than long-term capital gain) and (3) losses recognized with respect to certain straddle positions, that otherwise would constitute short-term capital losses, be treated as long-term capital losses. Applicable regulations also provide certain "wash sale" rules, which apply to transactions where a position is sold at a loss and a new offsetting position is acquired within a prescribed period, and "short sale" rules applicable to straddles. Different elections are available to the Fund, which may mitigate the effects of the straddle rules, particularly with respect to "mixed straddles." Because only a few of the regulations implementing the straddle rules have been promulgated, the tax consequences to the Fund of straddle transactions are not entirely clear.

When a covered call option written (sold) by the Fund expires, it will realize a short-term capital gain equal to the amount of the premium it received for writing the option. When the Fund terminates its obligations under such an option by entering into a closing transaction, it will realize a short-term capital gain (or loss), depending on whether the cost of the closing transaction is less (or more) than the premium it received when it wrote the option. When a covered call option written by the Fund is exercised, it will be treated as having sold the underlying security, producing long-term or short-term capital gain or loss, depending on the holding period of the underlying security and whether the sum of the option price received on the exercise plus the premium received when it wrote the option is more or less than the underlying security's basis.

If the Fund has an "appreciated financial position" -- generally, an interest (including an interest through an option, futures or forward contract or short sale) with respect to any stock, debt instrument (other than "straight debt") or partnership interest the fair market value of which exceeds its adjusted basis -- and enters into a "constructive sale" of the position, the Fund will be treated as having made an actual sale thereof, with the result that it will recognize gain at that time. A constructive sale generally consists of a short sale, an offsetting notional principal contract or a futures or forward contract the Fund or a related person enters into with respect to the same or substantially identical property. In addition, if the appreciated financial position is itself a short sale or such a contract, acquisition of the underlying property or substantially identical property will be deemed a constructive sale. The foregoing will not apply, however, to any transaction during any taxable year that otherwise would be treated as a constructive sale if the transaction is closed within 30 days after the end of that year and the Fund holds the appreciated financial position unhedged for 60 days after that closing (i.e., at no time during that 60-day period is the Fund's risk of loss regarding that position reduced by reason of certain specified transactions with respect to substantially identical or related property, such as having an option

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to sell, being contractually obligated to sell, making a short sale or granting an option to buy substantially identical stock or securities).

The Fund may acquire zero coupon or other securities issued with OID. As a holder of those securities, the Fund must include in its gross income the OID that accrues on them during the taxable year, even if it receives no corresponding payment on them during the year. Similarly, the Fund must include in its gross income securities it receives as "interest" on any payment-in-kind

securities in which it invests. Because the Fund annually must distribute substantially all of its investment company taxable income, including any accrued OID and other non-cash income, to satisfy the Distribution Requirement and avoid imposition of the Excise Tax, it may be required in a particular year to distribute as a dividend an amount that is greater than the total amount of cash it actually receives. Those distributions will be made from the Fund's cash assets or from the proceeds of sales of its portfolio securities, if necessary. The Fund may realize capital gains or losses from those sales, which would increase or decrease its investment company taxable income and/or net capital gain.

Interest and dividends the Fund receives may be subject to income, withholding or other taxes imposed by foreign countries and U.S. possessions (collectively "foreign taxes") that would reduce the yield on its securities. Tax conventions between certain countries and the United States may reduce or eliminate foreign taxes, however, and many foreign countries do not impose taxes on capital gains in respect of investments by foreign investors.

If more than 50% of the value of the Fund's total assets at the close of its taxable year consists of securities of foreign corporations, it will be eligible to, and may, file an election with the Internal Revenue Service that would enable its shareholders, in effect, to receive the benefit of the foreign tax credit with respect to any foreign taxes it paid. Pursuant to the election, the Fund would treat those taxes as dividends paid to its shareholders and each shareholder (1) would be required to include in gross income, and treat as paid by the shareholder, the shareholder's proportionate share of those taxes, (2) would be required to treat the shareholder's share of those taxes and of any dividend the Fund paid that represents income from foreign or U.S. possessions sources as the shareholder's own income from those sources and (3) could either use the foregoing information in calculating the foreign tax credit against the shareholder's federal income tax or, alternatively, deduct the foreign taxes deemed paid by the shareholder in computing the shareholder's taxable income. The Fund will report to its shareholders shortly after each taxable year their respective shares of the foreign taxes it paid and its income from sources within foreign countries and U.S. possessions if it makes this election. Individuals who have no more than \$300 (\$600 for married persons filing jointly) of creditable foreign taxes included on Forms 1099 and all of whose foreign

source income is "qualified passive income" may elect each year to be exempt from the extremely complicated foreign tax credit limitation, in which event they would be able to claim a foreign tax credit without having to file the detailed Form 1116 that otherwise is required. A shareholder will not be entitled to credit or deduct its allocable portion of foreign taxes the Fund paid if the shareholder has not held Fund shares for 16 days or more during the 30-day period beginning 15 days before the ex-distribution date, which period will be extended if the shareholder's risk of loss with respect to those shares is reduced by reason of holding an offsetting position. No deduction for foreign taxes may be claimed by a shareholder who does not itemize deductions. Foreign shareholders may not deduct or claim a credit for foreign taxes in determining their U.S. income tax liability unless the dividends the Fund paid to them are effectively connected with a U.S. trade or business.

The Fund may invest in the stock of "passive foreign investment companies" ("PFICs"). A PFIC is any foreign corporation (with certain exceptions) that, in general, meets either of the following tests: (1) at least 75% of its gross income for the taxable year is passive income or (2) an average of at least 50% of its assets produce, or are held for the production of, passive income. Under certain circumstances, the Fund will be subject to federal income tax on a portion of any "excess distribution" it receives on the stock of a PFIC or of any gain from disposition of the stock (collectively, "PFIC income"), plus interest thereon, even if the Fund distributes the PFIC income as a taxable dividend to its shareholders. The balance of the PFIC income will be included in the Fund's taxable income and, accordingly, will not be taxable to it to the extent it distributes that income to its shareholders. Fund distributions attributable to PFIC income will not be eligible for the 15% maximum federal income tax rate on "QDI."

If the Fund invests in a PFIC and elects to treat the PFIC as a "qualified electing fund" ("QEF"), then in lieu of the foregoing tax and interest obligation, the Fund will be required to include in income each year its pro

rata share of the QEF's annual ordinary earnings and net capital gain -- which the Fund likely would have to distribute to satisfy the Distribution Requirement and avoid imposition of the Excise Tax -- even if the QEF did not distribute those earnings and gain to the Fund. In most instances it will be very difficult, if not impossible, to make this election because of certain requirements thereof.

The Fund may elect to "mark to market" any stock in a PFIC it owns at the end of its taxable year. "Marking-to-market," in this context, means including in ordinary income each taxable year the excess, if any, of the fair market value of the stock over the Fund's adjusted basis therein as of the end of that year. Pursuant to the election, the Fund also would be allowed to deduct (as an ordinary, not capital, loss) the excess, if any, of its adjusted basis in PFIC stock over the fair market value thereof as of the taxable year-end, but only to the extent of any net mark-to-market gains with respect to that stock the Fund included in income for prior taxable years under the election (and under regulations proposed in 1992 that provided a similar election with respect to the stock of certain PFICs). The Fund's adjusted basis in each PFIC's stock subject to the election would be adjusted to reflect the amounts of income included and deductions taken thereunder.

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The foregoing discussion is a brief summary of certain U.S. federal income tax considerations affecting the Fund and its shareholders under the law in effect on the date hereof (which is subject to change, even retroactively) and is not intended as tax advice. The Fund may be subject to state, local or foreign tax in jurisdictions in which it may be deemed to be doing business, and its income dividends and capital gain distributions, and gains a shareholder recognizes on the sale or exchange of Fund shares, also may be subject to state and local taxes. Investors are urged to consult their own tax advisers regarding specific questions about other U.S. federal (including the alternative minimum tax), and state, local or foreign, tax consequences to them of investing in Fund shares.

#### REPORTS TO SHAREHOLDERS

The Fund issues, at least semi-annually, reports to its shareholders including a list of investments it held and statements of its assets and liabilities, income and expense and changes in its net assets. The Fund's fiscal year ends on December 31.

#### CUSTODIAN AND TRANSFER AGENT

State Street Bank & Trust Company, 801 Pennsylvania Avenue, Kansas City, MO 64105 ("Custodian"), which acts as custodian of the Fund's investments and may appoint one or more subcustodians. The Custodian also provides certain credit facilities to the Fund. As part of its agreement with the Fund, the Custodian also may apply credits or charges for its services to the Fund for, respectively, positive or deficit cash balances maintained by the Fund with the Custodian. Unified Funds Services provides net asset value accounting to the Fund.

The Fund's Stock Transfer Agent and Registrar is American Stock Transfer & Trust Company, 59 Maiden Lane, New York, NY 10038.

#### AUDITORS

Tait, Weller & Baker, Eight Penn Center Plaza, Suite 800, Philadelphia, PA 19103, are the independent accountants for the Fund. Financial statements of the Fund are audited annually.

#### FINANCIAL STATEMENTS

The Fund's Financial Statements in the Annual Report for the fiscal year ended December 31, 2002, and in the Semi-Annual Report for the six months ended June 30, 2003 (the "Reports"), which either accompany this SAI or have previously been provided to the person to whom the Prospectus is being sent, are incorporated herein by reference with respect to all information other than the information set forth in the Letter to Shareholders included therein. The Fund will furnish, without charge, a copy of the Reports upon request at 11 Hanover Square, New York, NY 10005, 1-212-635-0671.

## APPENDIX A

## Description of Securities Ratings

## S&amp;P

## Corporate and Municipal Bonds

- AAA Debt obligations rated AAA have the highest ratings assigned by S&P to a debt obligation. Capacity to pay interest and repay principal is extremely strong.
- AA Debt obligations rated AA have a very strong capacity to pay interest and repay principal and differ from the highest rated issues only in a small degree.
- A Debt obligations rated A have a strong capacity to pay interest and repay principal although they are somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debts in higher rated categories.
- BBB Debt obligations rated BBB are regarded as having an adequate capacity to pay interest and repay principal. Whereas they normally exhibit adequate protection parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debts in this category than for debts in higher rated categories.
- BB Debt rated BB has less near-term vulnerability to default than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to inadequate capacity to meet timely interest and principal payments.
- B Debt rated B has greater vulnerability to default but currently has the capacity to meet interest payments and principal repayments. Adverse business, financial, or economic conditions will likely impair capacity or willingness to pay interest and repay principal.
- CCC Debt rated CCC has a currently indefinable vulnerability to default, and is dependent upon favorable business, financial and economic conditions to meet timely payment of interest and repayment of principal. In the event of adverse business, financial or economic conditions, it is not likely to have the capacity to pay interest and repay principal.
- CC The rating CC is typically applied to debt subordinated to senior debt that is assigned an actual or implied CCC rating.
- C The rating C is typically applied to debt subordinated to senior debt which is assigned an actual or implied CCC-debt rating.

- NR No public rating has been requested, there may be insufficient information on which to base a rating, or that S&P does not rate a particular type of obligation as a matter of policy.

## Commercial Paper, Including Tax-Exempt Commercial Paper

- A Issues assigned this highest rating are regarded as having the greatest capacity for timely payment. Issues in this category are further refined with the designations 1, 2, and 3 to indicate the relative degree of safety.
- A-1 This designation indicates that the degree of safety regarding timely payment is very strong.

## MOODY'S

## Corporate and Municipal Bonds

- Aaa** Bonds that are rated Aaa are judged to be of the best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge". Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.
- Aa** Bonds that are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risks appear somewhat larger than in Aaa securities.
- A** Bonds that are rated A possess many favorable investment attributes and are to be considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.
- Baa** Bonds that are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.
- Ba** Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well assured. Uncertainty of position characterizes bonds in this class.
- B** Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.
- Caa** Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be presented elements of danger with respect to principal or interest.
- Ca** Bonds which are rated Ca represent obligations which are speculative in a high degree. Such issues are often in default or have other marked shortcomings.

- C** Bonds which are rated C are the lowest rated class of bonds and issue so rated can be regarded as having extremely poor prospects of ever attaining any real investment standing.
- NR** No public rating has been requested, there may be insufficient information on which to base a rating, or that Moody's does not rate a particular type of obligation as a matter of policy.

## Commercial Paper, Including Tax-Exempt Commercial Paper

**Prime-1** Issuers rated Prime-1 (or related supporting institutions) have a



superior capacity for repayment of short-term promissory obligations. Prime-1 repayment capacity will normally be evidenced by the following characteristics:

- o Leading market positions in well established industries.
- o High rates of return on funds employed.
- o Conservative capitalization structures with moderate reliance on debt and ample asset protection.
- o Broad margins in earnings coverage of fixed financial charges and high internal cash generation.
- o Well established access to a range of financial markets and assured sources of alternate liquidity.

#### Short-Term Tax-Exempt Notes

MIG-1 The short-term tax-exempt note rating MIG-1 is the highest rating assigned by Moody's for notes judged to be the best quality. Notes with this rating enjoy strong protection from established cash flows of funds for their servicing or from established and broad-based access to the market for refinancing, or both.

MIG-2 MIG-2 rated notes are of high quality but with margins of protection not as large as MIG-1.

### Part C. Other Information

#### ITEM 24. FINANCIAL STATEMENTS AND EXHIBITS

1. (a) The following audited financial statements of Global Income Fund, Inc. (the "Fund") are included in the Fund's Annual Report to Stockholders for the fiscal year ended December 31, 2002, filed with the Securities and Exchange Commission ("SEC") under Section 30(b)(1) of the Investment Company Act of 1940, as amended ("1940 Act"), and are incorporated in Part C hereof by reference:

Portfolio of Investments, December 31, 2002;  
Statement of Assets and Liabilities, December 31, 2002;  
Statement of Operations for the fiscal year ended December 31, 2002;  
Statement of Changes in Net Assets for the years ended December 31, 2002 and 2001;  
Financial Highlights for the five fiscal years ended December 31, 2002;  
Notes to Financial Statements;  
Report of Independent Accountants.

- (b) The following unaudited financial statements of the Fund are included in the Fund's Semi-Annual Report to Stockholders for the six months ended June 30, 2003, filed with the SEC under Section 30(b)(1) of the 1940 Act, and are incorporated in Part C hereof by reference:

Portfolio of Investments, June 30, 2003;  
Statement of Assets and Liabilities, June 30, 2003;  
Statement of Operations for the six months ended June 30, 2003;  
Statement of Changes in Net Assets for the six months ended June 30, 2003 and for the year ended December 31, 2002;  
Financial Highlights for the five fiscal years ended December 31, 2002 and for the six months ended June 30, 2003;  
Notes to Financial Statements.

2. (a) (i) Articles of Incorporation incorporated herein by reference to Registrant's filing on Form N-2, accession number 0000950172-97-000049, File Nos. 333-46765 and 811-08025, as filed

with the Securities and Exchange Commission on January 23, 1997.

- (ii) Articles of Amendment (filed herewith).
- (iii) Articles Supplementary (filed herewith).
- (b) Amended By-Laws incorporated herein by reference to Registrant's filing on Form N-SAR, accession number 0001031235-03-000022, File No. 811-08025, as filed with the Securities and Exchange Commission on August 29, 2003.
- (c) Not applicable.
- (d) Specimen stock certificate (filed herewith).
- (e) Dividend Reinvestment Plan (filed herewith).
- (f) Not Applicable.
- (g) Investment Management Agreement (filed herewith).
- (h) (i) Form of Subscription Certificate (to be filed).
- (ii) Form of Notice of Guaranteed Delivery (to be filed).
- (iii) Form of Nominee Holder Over-Subscription Form (to be filed).
- (iv) Form of Information Agent Agreement (to be filed).
- (v) Form of Subscription Agency Agreement (filed herewith).
- (i) Not Applicable.
- (j) Custody Agreement incorporated herein by reference to Registrant's filing on Form N-SAR, accession number 0001031235-02-000012, File No. 811-08025, as filed with the Securities and Exchange Commission on August 29, 2002.
- (k) (i) Transfer Agent and Stock Registrar Agreement (filed herewith).
- (ii) Committed Credit Facility Agreement (filed herewith).
- (iii) Uncommitted Credit Facility Agreement (filed herewith).
- (iv) Fund Accounting Agreement incorporated herein by reference to Registrant's filing on Form N-SAR, accession number 0001031235-02-000012, File No. 811-08025, as filed with the Securities and Exchange Commission on March 1, 2002.
- (l) Opinion of The Law Offices of Stephanie A. Djinis (to be filed).
- (m) Not applicable.
- (n) (i) Consent of Independent Accountants for Registrant (filed herewith).
- (ii) Consent of Kirkpatrick & Lockhart, tax counsel (to be filed)
- (o) Not applicable.
- (p) Not applicable.
- (q) Not applicable.
- (r) Code of Ethics (filed herewith).

Item 25. MARKETING ARRANGEMENTS

None.

Item 26. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the estimated expenses to be incurred in connection with the offering described in this Registration Statement

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Securities and Exchange Commission Registration fees	\$542.86
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American Stock Exchange additional listing fee	\$0
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Printing (other than stock certificates)	\$5,000
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Accounting fees and expenses	\$3,000
-----	
Legal fees and expenses	\$75,000
-----	
Subscription Agent fee and expenses	\$8,000
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Information Agent fee and expenses	\$35,000
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Miscellaneous	\$15,000
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Total \$141,542.86  
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ITEM 27. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT

Not applicable.

ITEM 28. NUMBER OF HOLDERS OF SECURITIES

Title of Class	Number of Record Holders (as of December 4, 2003)
Shares of Common Stock \$0.01 par value	58

ITEM 29. INDEMNIFICATION

The Registrant is incorporated under Maryland law. Section 2-418 of the Maryland General Corporation Law requires the Registrant to indemnify its directors, officers and employees against expenses, including legal fees, in a successful defense of a civil or criminal proceeding. The law also permits indemnification of directors, officers, employees and agents unless it is proved that (a) the act or omission of the person was material and was committed in bad faith or was the result of active or deliberate dishonesty, (b) the person received an improper personal benefit in money, property or services or (c) in the case of a criminal action, the person had reasonable cause to believe that the act or omission was unlawful.

The Registrant's Articles of Incorporation: (1) provide that, to the maximum extent permitted by applicable law, a Continuing Director or officer will not be liable to the Registrant or its stockholders for monetary damages; (2) require the Registrant to indemnify and advance expenses to its present and past Continuing Directors, officers, employees, agents, and persons who are serving or have served at the request of the Registrant as a director, officer, employee or agent for another entity; (3) provide that the Registrant may purchase and maintain insurance on behalf of any Continuing Director, officer, employee or agent of the Registrant and persons who are serving or have served at the request of the Registrant as a director, officer, employee or agent for another entity; and (4) require that any repeal or modification of the Articles of Incorporation or By-laws or adoption or modification of any provision of the Articles of Incorporation or By-laws inconsistent with the indemnification provisions, be prospective only to the extent such repeal or modification would, if applied retrospectively, adversely affect any limitation on the liability of or indemnification and advance of expenses available to any person covered by the indemnification provisions of the Articles of Incorporation and By-laws.

Article 8 of the By-Laws sets forth the procedures by which the Registrant will indemnify its Continuing Directors (as defined in the Articles of Incorporation), officers, employees and agents, as well as any such persons who serve or served in a similar capacity for another entity.

The Registrant's Investment Management Agreement between the Registrant and CEF Advisers, Inc. (the "Investment Manager") provides that the Investment Manager shall not be liable to the Registrant or any shareholder of the Registrant for any error of judgment or mistake of law or for any loss suffered by the Registrant in connection with the matters to which the Investment Management Agreement relates. However, the Investment Manager is not protected against any liability to the Registrant by reason of willful misfeasance, bad faith, or gross negligence in the performance of its duties or by reason of its reckless disregard of its obligations and duties under the Investment Management Agreement.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant and the Investment Manager pursuant to the foregoing provisions or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy expressed in such Act and is, therefore, unenforceable. In the event that a claim for indemnification for such liabilities (other than payment by the Registrant of

expenses incurred or paid by a director, officer or controlling person of the Registrant in connection with the successful defense of any action, suit or proceeding) is asserted against the Registrant by such director, officer or controlling person in connection with the shares being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in such Act and will be governed by the final adjudication of such issue.

The Registrant undertakes to carry out all the indemnification provisions of its Articles of Incorporation and By-Laws and the above-described Investment Management Agreement in accordance with Investment Company Act Release No. 11330 (September 4, 1980) and successor releases.

#### ITEM 30. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER

The directors and officers of CEF Advisers, Inc., the Investment Manager, are also directors and officers of Foxby Corp., a registered investment company managed by the Investment Manager. Previously, the Investment Manager served as investment adviser to Bexil Corporation and Tuxis Corporation, each a registered investment company that is now internally managed; Thomas B. Winmill and Bassett S. Winmill currently serve as directors of each of those companies, and Thomas B. Winmill serves as President of Bexil Corporation. Thomas B. Winmill also serves as President and Director of three other registered investment companies: Midas Dollar Reserves, Inc., Midas Fund, Inc. and Midas Special Equities Fund, Inc.

#### ITEM 31. LOCATION OF ACCOUNTS AND RECORDS

The minute books of Registrant and copies of its filings with the Commission are located at 11 Hanover Square, New York, NY 10005 (the offices of the Registrant and its Investment Manager). All other records required by Section 31(a) of the Investment Company Act of 1940 are located at State Street Bank and Trust Company, 801 Pennsylvania, Kansas City, Missouri 64105 (the offices of the Registrant's Custodian), Unified Fund Services, Inc., 431 N. Pennsylvania Street, Indianapolis, Indiana 46204 (the offices of the Registrant's Fund Accounting Agent) and American Stock Transfer & Trust Company, 59 Maiden Lane, New York, New York 10038 (the offices of the Registrant's Transfer Agent). Copies of certain of the records located at the Registrant's Custodian and Transfer Agent are kept at 11 Hanover Square, New York, NY 10005 (the offices of the Registrant and the Investment Manager).

#### ITEM 32. MANAGEMENT SERVICES

None.

#### ITEM 33 UNDERTAKINGS

1. To suspend the offering of shares of common stock covered hereby until the prospectus contained herein is amended if (a) subsequent to the effective date of its registration statement, the net asset value per share of common stock declines more than ten percent from its net asset value per share of common stock as of the effective date of this registration statement or (b) the net asset value of its common stock increases by an amount greater than its net proceeds as stated in the prospectus contained herein.

2. Not applicable.

3. Not applicable.

4. Not applicable.

5. That for the purpose of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant under Rule 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

6. To send by first class mail or other mean designed to ensure equally prompt delivery, within two business days of receipt of a written or oral request, any Statement of Additional Information or Annual Report.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933 (the "Securities Act") and the Investment Company Act of 1940 (the "Investment Company Act"), the Registrant has duly caused this Registration Statement to be filed pursuant to the Securities Act and has duly caused this Amendment to the Registration Statement to be filed pursuant to the Investment Company Act and to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, State of New York, on the 10th day of December, 2003.

GLOBAL INCOME FUND, INC.

By: /s/ Thomas B. Winmill

-----  
Thomas B. Winmill  
President

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

Signature	Capacity	Date
/s/ Bassett S. Winmill ----- (Bassett S. Winmill)	Director	December 10, 2003
/s/ Thomas B. Winmill ----- (Thomas B. Winmill)	President and Director	December 10, 2003
/s/ George B. Langa ----- (George B. Langa)	Director	December 10, 2003
/s/ Peter K. Werner ----- (Peter K. Werner)	Director	December 10, 2003
/s/ David R. Stack ----- (David R. Stack)	Director	December 10, 2003

## EXHIBIT INDEX

### EXHIBIT

- (a) (ii) Articles of Amendment.
- (iii) Articles Supplementary.
- (d) Specimen stock certificate.
- (e) Dividend Reinvestment Plan.
- (g) Investment Management Agreement.
- (h) (v) Form of Subscription Agency Agreement.
- (k) (i) Transfer Agent and Stock Registrar Agreement.
- (ii) Committed Credit Facility Agreement.
- (iii) Uncommitted Credit Facility Agreement.
- (n) (i) Consent of Independent Accountants for Registrant.
- (r) Code of Ethics.

BULL & BEAR GLOBAL INCOME FUND, INC.

ARTICLES OF AMENDMENT

THIS IS TO CERTIFY THAT:

FIRST: The charter of Bull & Bear Global Income Fund, Inc., a Maryland corporation (the "Corporation"), is hereby amended by deleting existing Article II in its entirety and substituting in lieu thereof a new article to read as follows:

ARTICLE II NAME

The name of the corporation (hereinafter called the "Corporation") is Global Income Fund, Inc.

SECOND: The amendment to the charter of the Corporation as set forth above has been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

THIRD: The undersigned Co-President acknowledges these Articles of Amendment to be the corporate act of the Corporation and as to all matters or facts required to be verified under oath, the undersigned Co-President acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles to be signed in its name and on its behalf by its Co-President and attested to by its Secretary on this 24th day of November, 1998.

ATTEST: BULL & BEAR GLOBAL  
INCOME FUND, INC.

/s/ Deborah Ann Sullivan  
-----  
Deborah Ann Sullivan, Esq.  
Secretary

By: Thomas B. Winmill  
-----  
Thomas B. Winmill  
Co-President

GLOBAL INCOME FUND, INC.

ARTICLES SUPPLEMENTARY

Global Income Fund, Inc., a Maryland corporation (the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland (the "SDAT"), that:

FIRST: Under a power contained in Title 3, Subtitle 8 of the Maryland General Corporation Law (the "MGCL"), the Corporation, by resolutions of its Board of Directors (the "Board of Directors") duly adopted at a meeting duly called and held, elected to become subject to Section 3-804(c)(2) and Section 3-804(c)(3) of the MGCL as provided herein.

SECOND: The resolutions referred to above provide that the Corporation, notwithstanding any provision in the charter or Bylaws of the Corporation to the contrary, elects to be subject, as set forth in the Bylaws of the Corporation, to Sections 3-804(c)(2) and 3-804(c)(3) of the MGCL, the repeal of which may be effected only by the means authorized by Section 3-802(b)(3) of the MGCL, such that,

(1) Each vacancy on the Board of Directors that results from an increase in the size of the Board of Directors or the death, resignation or removal of a director may be filled only by the affirmative vote of a majority of the members of a committee of the Board of Directors (as provided for in the Bylaws) consisting of the remaining Continuing Directors (as defined in the charter of the Corporation) in office, even if the remaining Continuing Directors do not constitute a quorum; and

(2) Any director elected to fill a vacancy shall hold office for the remainder of the full term of the directorship in which the vacancy occurred and until a successor is elected and qualifies.

THIRD: The election to become subject to Sections 3-804(c)(2) and 3-804(c)(3) of the MGCL has been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned President of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned President acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its President and attested by its Secretary on this 14th day of July, 2003.

ATTEST: GLOBAL INCOME FUND, INC.

/s/ Monica Pelaez

/s/ Thomas B. Winmill (SEAL)

-----  
Monica Pelaez  
Secretary

-----  
Thomas B. Winmill  
President





NUMBER GLOBAL INCOME SHARES  
G FUND

COMMON STOCK COMMON STOCK

Incorporated under the laws of the State of Maryland

CUSIP 37934Y 10 8  
SEE REVERSE FOR CERTAIN DEFINITIONS

This certifies that

is the owner of

FULLY PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK,  
\$.01 PAR VALUE, OF Global Income Fund, Inc.  
transferable only on the books of the Corporation in person or by duly  
authorized attorney upon surrender of this Certificate properly endorsed. This  
Certificate is not valid unless countersigned and registered by the Transfer  
Agent and Registrar. Witness the facsimile seal of the Corporation and the  
facsimile signatures of its duly authorized officers.

Dated:

GLOBAL INCOME FUND, INC.  
CORPORATE SEAL

/s/ Monica Pelaez 1996 /s/ Thomas B. Winmill  
Secretary MARYLAND President

COUNTERSIGNED AND REGISTERED:

AMERICAN STOCK TRANSFER & TRUST COMPANY  
(New York, NY) TRANSFER AGENT  
AND REGISTRAR

BY

Authorized Signature.

BANKNOTE CORPORATION OF AMERICA

Global Income Fund, Inc.

The corporation will furnish without charge to each stockholder who so  
requests, a statement of the powers, designations, preferences and relative,  
participating, optional, or other special rights of each class of stock or  
series thereof and the qualifications, limitations or restrictions of such  
preferences and/or rights.

The following abbreviations, when used in the inscription on the face of  
this certificate, shall be construed as though they were written out in full  
according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN - as joint tenants with right of survivorship and not as  
tenants in common

UNIF GIFT MIN ACT-- \_\_\_\_\_ (Cust) Custodian \_\_\_\_\_ (Minor)  
under the Uniform Gifts to Minors Act \_\_\_\_\_ (State)

Additional abbreviations may also be used though not in the above list

For value received, \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF ASSIGNEE

\_\_\_\_\_

\_\_\_\_\_  
(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING POSTAL ZIP CODE, OF ASSIGNEE)

\_\_\_\_\_ Shares of the Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint \_\_\_\_\_ Attorney to transfer the said stock on the Books of the within-named Corporation with full power of substitution in the premises.

Dated

- - - - -

\_\_\_\_\_  
Signature

\_\_\_\_\_  
THE SIGNATURE TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

Terms and Conditions of  
the Dividend Reinvestment Plan of  
Global Income Fund, Inc.

1. Each shareholder (the "Shareholder") holding shares of common stock (the "Shares") of Global Income Fund, Inc. (the "Fund") will automatically be a participant in the Dividend Reinvestment Plan (the "Plan"), unless the Shareholder specifically elects to receive all dividends and capital gains in cash paid by check mailed directly to the Shareholder by American Stock Transfer and Trust Company as agent under the Plan (the "Agent"). The Agent will open an account for each Shareholder under the Plan in the same name in which such Shareholder's shares of Common Stock are registered.

2. Whenever the Fund declares a capital gain distribution or an income dividend payable in Shares or cash, participating Shareholders will take the distribution or dividend entirely in Shares and the Agent will automatically receive the Shares, including fractions, for the Shareholder's account in accordance with the following:

Whenever the Market Price (as defined in Section 3 below) per Share is equal to or exceeds the net asset value per Share at the time Shares are valued for the purpose of determining the number of Shares equivalent to the cash dividend or capital gain distribution (the "Valuation Date"), participants will be issued additional Shares equal to the amount of such dividend divided by the Fund's net asset value per Share. Whenever the Market Price per Share is less than such net asset value on the Valuation Date, participants will be issued additional Shares equal to the amount of such dividend divided by the Market Price. The Valuation Date is the day before the dividend or distribution payment date or, if that day is not an American Stock Exchange trading day, the next trading day. If the Fund should declare a dividend or capital gain distribution payable only in cash, the Agent will, as purchasing agent for the participating Shareholders, buy Shares in the open market, on the American Stock Exchange (the "Exchange") or elsewhere, for such Shareholders' accounts after the payment date, except that the Agent will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining Shares if, following the commencement of the purchases, the market value of the Shares exceeds the net asset value. These remaining Shares will be issued by the Fund at a price equal to the Market Price.

In a case where the Agent has terminated open market purchases and caused the issuance of remaining Shares by the Fund, the number of Shares received by the participant in respect of the cash dividend or distribution will be based on the weighted average of prices paid for Shares purchased in the open market and the price at which the Fund issues remaining Shares. To the extent that the Agent is unable to terminate purchases in the open market before the Agent has completed its purchases, or remaining Shares cannot be issued by the Fund because the Fund declared a dividend or distribution payable only in cash, and the market price exceeds the net asset value of the Shares, the average Share purchase price paid by the Agent may exceed the net asset value of the Shares, resulting in the acquisition of fewer Shares than if the dividend or capital gain distribution had been paid in Shares issued by the Fund.

The Agent will apply all cash received as a dividend or capital gain distribution to purchase shares of common stock on the open market as soon as practicable after the payment date of the dividend or capital gain distribution, but in no event later than 45 days after that date, except when necessary to comply with applicable provisions of the federal securities laws.

3. For all purposes of the Plan: (a) the Market Price of the Shares on a particular date shall be the average of the last sale prices or, if no sale occurred then the mean between the closing bid and asked quotations, for the Shares on the Exchange on each of the five trading days the Shares traded ex-dividend on the Exchange immediately prior to such date, and (b) net asset value per share on a particular date shall be as determined by or on behalf of the Fund.

4. The open-market purchases provided for herein may be made on any securities exchange on which the Shares are traded, in the over-the-counter market or in negotiated transactions, and may be on such terms as to price,

delivery and otherwise as the Agent shall determine. Funds held by the Agent uninvested will not bear interest, and it is understood that, in any event, the Agent shall have no liability in connection with any inability to purchase Shares within 45 days after the initial date of such purchase as herein provided, or with the timing of any purchases effected. The Agent shall have no responsibility as to the value of the Shares acquired for the Shareholder's account.

5. The Agent will hold Shares acquired pursuant to the Plan in noncertificated form in the Agent's name or that of its nominee. At no additional cost, a Shareholder participating in the Plan may send to the Agent for deposit into its Plan account those certificate shares of the Fund in its possession. These Shares will be combined with those unissued full and fractional Shares acquired under the Plan and held by the Agent. Shortly thereafter, such Shareholder will receive a statement showing its combined holdings. The Agent will forward to the Shareholder any proxy solicitation material and will vote any Shares so held for the Shareholder only in accordance with the proxy returned by him or her to the Fund. Upon the Shareholder's written request, the Agent will deliver to him or her, without charge, a certificate or certificates for the full Shares.

6. The Agent will confirm to the Shareholder each acquisition for his or her account as soon as practicable but not later than 60 days after the date thereof. Although the Shareholder may from time to time have an individual fractional interest (computed to three decimal places) in a Share, no certificates for fractional Shares will be issued. However, dividends and distributions on fractional Shares will be credited to Shareholders' accounts. In the event of a termination of a Shareholder's account under the Plan, the Agent will adjust for any such undivided fractional interest in cash at the opening market value of the Shares at the time of termination.

7. Any stock dividends or split Shares distributed by the Fund on Shares held by the Agent for the Shareholder will be credited to the Shareholder's account. In the event that the Fund makes available to the Shareholder the right to purchase additional Shares or other securities, the Shares held for a Shareholder under the Plan will be added to other Shares held by the Shareholder in calculating the number of rights to be issued by such Shareholder.

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8. The Agent's service fee for handling capital gain distributions or income dividends will be paid by the Fund. The Shareholder will be charged a pro rata share of brokerage commissions on all open market purchases.

9. The Shareholder may terminate his or her account under the Plan by notifying the Agent in writing. A termination will be effective immediately if notice is received by the Agent at any time prior to any dividend or distribution record date; otherwise such termination will be effective, with respect to any subsequent dividend or distribution, on the first trading day after a dividend paid for the record date has been credited to the Shareholder's account. Upon any termination the Agent will cause a certificate or certificates for the full Shares held for the Shareholder under the Plan and cash adjustment for any fraction to be delivered to him or her.

10. These terms and conditions may be amended or supplemented by the Agent or the Fund at any time or times but, except when necessary or appropriate to comply with applicable law or the rules or policies of the Securities and Exchange Commission or any other regulatory authority, only by mailing to the Shareholder appropriate written notice at least 30 days prior to the effective date thereof. The amendment or supplement shall be deemed to be accepted by the Shareholder unless, prior to the effective date thereof, the Agent receives written notice of the termination of such Shareholder's account under the Plan. Any such amendment may include an appointment by the Fund of a successor agent in its place and stead under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by the Agent. Upon any such appointment of an Agent for the purpose of receiving dividends and distributions, the Fund will be authorized to pay to such successor Agent all dividends and distributions payable on Shares held in the Shareholder's name or under the Plan for retention or application by such successor Agent as provided in these terms and conditions.

11. In the case of Shareholders, such as banks, brokers or nominees, which

hold Shares for others who are the beneficial owners, the Agent will administer the Plan on the basis of the number of Shares certified from time to time by the Shareholders as representing the total amount registered in the Shareholder's name and held for the account of beneficial owners who are to participate in the Plan.

12. The Agent shall at all times act in good faith and agree to use its best efforts within reasonable limits to insure the accuracy of all services performed under this agreement and to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless the errors are caused by its negligence, bad faith or willful misconduct or that of its employees.

## INVESTMENT MANAGEMENT AGREEMENT

AGREEMENT made as of the 8th day of March, 2000, by and between GLOBAL INCOME FUND, INC. a Maryland corporation (the "Fund") and CEF ADVISERS, INC., a Delaware corporation (the "Investment Manager").

WHEREAS the Fund intends to register under the Investment Company Act of 1940, as amended (the "1940 Act"), as a closed-end management investment company; and

WHEREAS, the Fund desires to retain the Investment Manager to furnish certain investment advisory and portfolio management services to the Fund, and the Investment Manager desires to furnish such services;

NOW THEREFORE, in consideration of the mutual promises and agreements herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, it is hereby agreed between the parties hereto as follows:

1. The Fund hereby employs the Investment Manager to manage the investment and reinvestment of its assets, including the regular furnishing of advice with respect to the Fund's portfolio transactions subject at all times to the control and oversight of the Fund's Board of Directors, for the period and on the terms set forth in this Agreement. The Investment Manager hereby accepts such employment and agrees during such period to render the services and to assume the obligations herein set forth, for the compensation herein provided. The Investment Manager shall for all purposes herein be deemed to be an independent contractor and shall, unless otherwise expressly provided or authorized, have no authority to act for or represent the Fund in any way, or otherwise be deemed an agent of the Fund.

2. The Fund assumes and shall pay all the expenses required for the conduct of its business including, but not limited to, salaries of administrative and clerical personnel, brokerage commissions, taxes, insurance, fees of the transfer agent, custodian, legal counsel and auditors, association fees, costs of filing, printing and mailing proxies, reports and notices to shareholders, preparing, filing and printing the prospectus and statement of additional information, payment of dividends, costs of stock certificates, costs of shareholders meetings, fees of the independent directors, necessary office space rental, all expenses relating to the registration or qualification of shares of the Fund under applicable Blue Sky laws and reasonable fees and expenses of counsel in connection with such registration and qualification and such non-recurring expenses as may arise, including, without limitation, actions, suits or proceedings affecting the Fund and the legal obligation which the Fund may have to indemnify its officers and directors with respect thereto.

3. If requested by the Fund's Board of Directors, the Investment Manager may provide other services to the Fund such as, without limitation, the functions of billing, accounting, certain shareholder communications and services, administering state and Federal registrations, filings and controls and other administrative services. Any services so requested and performed will be for the account of the Fund and the costs of the Investment Manager in rendering such services shall be reimbursed by the Fund, subject to examination by those directors of the Fund who are not interested persons of the Investment Manager or any affiliate thereof.

4. The services of the Investment Manager are not to be deemed exclusive, and the Investment Manager shall be free to render similar services to others in addition to the Fund so long as its services hereunder are not impaired thereby.

5. The Investment Manager shall create and maintain all necessary books and records in accordance with all applicable laws, rules and regulations, including but not limited to records required by Section 31(a) of the 1940 Act and the rules thereunder, as the same may be amended from time to time, pertaining to the investment management services performed by it hereunder and not otherwise created and maintained by another party pursuant to a written contract with the Fund. Where applicable,

such records shall be maintained by the Investment Manager for the periods and in the places required by Rule 31a-2 under the 1940 Act. The books and records pertaining to the Fund which are in the possession of the Investment Manager

shall be the property of the Fund. The Fund, or the Fund's authorized representatives, shall have access to such books and records at all times during the Investment Manager's normal business hours. Upon the reasonable request of the Fund, copies of any such books and records shall be provided by the Investment Manager to the Fund or the Fund's authorized representatives.

6. As compensation for its services, with respect to the Fund the Investment Manager will be paid by the Fund a fee payable monthly, based on the average weekly net assets of the Fund, and computed at the annual rate of 7/10 of 1% of the first \$250 million, 5/8 of 1% of from \$250 million to \$500 million, and 1/2 of 1% over \$500 million. The aggregate net assets for each day shall be computed by subtracting the liabilities of the Fund from the value of its assets, such amount to be computed as of the calculation of the net asset values per share on each business day.

7. The Investment Manager shall direct portfolio transactions to broker/dealers for execution on terms and at rates which it believes, in good faith, to be reasonable in view of the overall nature and quality of services provided by a particular broker/dealer, including brokerage and research services and sales of shares of the Fund and shares of the other funds in the Midas fund complex. The Investment Manager may also allocate portfolio transactions to broker/dealers that remit a portion of their commissions as a credit against Fund expenses. With respect to brokerage and research services, the Investment Manager may consider in the selection of broker/dealers brokerage or research provided and payment may be made of a fee higher than that charged by another broker/dealer which does not furnish brokerage or research services or which furnishes brokerage or research services deemed to be of lesser value, so long as the criteria of Section 28(e) of the Securities Exchange Act of 1934, as amended, or other applicable laws are met. Although the Investment Manager may direct portfolio transactions without necessarily obtaining the lowest price at which such broker/dealer, or another, may be willing to do business, the Investment Manager shall seek the best value for the Fund on each trade that circumstances in the market place permit, including the value inherent in on-going relationships with quality brokers. To the extent any such brokerage or research services may be deemed to be additional compensation to the Investment Manager from the Fund, it is authorized by this Agreement. The Investment Manager may place brokerage for the Fund through an affiliate of the Investment Manager, provided that: the Fund not deal with such affiliate in any transaction in which such affiliate acts as principal; the commissions, fees or other remuneration received by such affiliate be reasonable and fair compared to the commissions, fees or other remuneration paid to other brokers in connection with comparable transactions involving similar securities being purchased or sold on a securities exchange during a comparable period of time; and such brokerage be undertaken in compliance with applicable law. The Investment Manager's fees under this Agreement shall not be reduced by reason of any commissions, fees or other remuneration received by such affiliate from the Fund.

8. The Investment Manager shall waive all or part of its fee or reimburse the Fund monthly if and to the extent the aggregate operating expenses of the Fund exceed the most restrictive limit imposed by any state in which shares of the Fund are qualified for sale. In calculating the limit of operating expenses, all expenses excludable under state regulation or otherwise shall be excluded. If this Agreement is in effect for less than all of a fiscal year, any such limit will be applied proportionately.

9. Subject to and in accordance with the Articles of Incorporation and By-laws of the Fund and of the Investment Manager, it is understood that directors, officers, agents and shareholders of the Fund are or may be interested in the Fund as directors, officers, shareholders and otherwise, that the Investment Manager is or may be interested in the Fund as a shareholder or otherwise and that the effect and nature of any such interests shall be governed by law and by the provisions, if any, of said Articles of Incorporation or By-laws.

10. A. This Agreement shall become effective upon the date hereinabove written and, unless sooner terminated as provided herein, this Agreement shall continue in effect for one year from the above written date. Thereafter, if not terminated, this Agreement shall continue automatically for successive periods of twelve months each, provided that such continuance is specifically approved at least annually

(a) by a vote of a majority of the Directors of the Fund or by vote of the holders of a majority of the Fund's outstanding voting securities of the Fund as defined in the 1940 Act and (b) by a vote of a majority of the Directors of the Fund who are not parties to this Agreement, or interested persons of such party. This Agreement may be terminated without penalty at any time either by vote of the Board of Directors of the Fund or by a vote of the holders of a majority of the outstanding voting securities of the Fund on 60 days' written notice to the Investment Manager, or by the Investment Manager on 60 days' written notice to the Fund. This Agreement shall immediately terminate in the event of its assignment.

11. The Investment Manager shall not be liable to the Fund or any shareholder of the Fund for any error of judgment or mistake of law or for any loss suffered by the Fund or the Fund's shareholders in connection with the matters to which this Agreement relates, but nothing herein contained shall be construed to protect the Investment Manager against any liability to the Fund or the Fund's shareholders by reason of willful misfeasance, bad faith, or gross negligence in the performance of its duties or by reason of its reckless disregard of obligations and duties under this Agreement.

12. As used in this Agreement, the terms "interested person," "assignment," and "majority of the outstanding voting securities" shall have the meanings provided therefor in the 1940 Act, and the rules and regulations thereunder.

13. This Agreement constitutes the entire agreement between the parties hereto and supersedes any prior agreement, with respect to the subject hereof whether oral or written. If any provision of this Agreement shall be held or made invalid by a court or regulatory agency, decision, statute, rule or otherwise, the remainder of this Agreement shall not be affected thereby.

14. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, provided, however, that nothing herein shall be construed in a manner inconsistent with the 1940 Act or any rule or regulation promulgated thereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

ATTEST: GLOBAL INCOME FUND, NC.

/s/Corey C. McClure By:/s/Thomas B. Winmill  
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ATTEST: CEF ADVISERS, INC.

/s/Corey C. McClure By:/s/Joeshph Leung  
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## SUBSCRIPTION AGENT AGREEMENT

\_\_\_\_\_, 200\_

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, New York 10038

Ladies and Gentlemen:

In connection with your appointment as Subscription Agent in the transaction described herein, Global Income Fund, Inc. (the Company), hereby confirms its arrangements with you as follows:

1. Rights Offering - The Company is offering (the "Rights offering") to the holders of shares of its Common Stock, par value \$ \_\_\_\_\_ per share ("Common Stock"), on \_\_\_\_\_, 200\_ (the "Record Date"), the right ("Rights") to subscribe for Units ("Units"), each Unit consisting of \_\_\_\_\_. Except as set forth under Paragraphs 8 and 9 below, Rights shall cease to be exercisable at 5:00 p.m., New York City time, on \_\_\_\_\_, 200\_ or such later date of which the Company notifies you orally and confirms in writing (the "Expiration Date"). \_\_\_\_\_ Right(s) is/are being issued for \_\_\_\_\_ Common Share(s) held on the Record Date. \_\_\_\_\_ Right(s) and payment in full of the subscription price of \$ \_\_\_\_\_ (the "Subscription Price") is/are required to subscribe for one Unit. Rights are evidenced by transferable subscription certificates in registered form ("Subscription Certificates"). Each holder of Subscription Certificate(s) who exercises the holder's right to subscribe for all Units that can be subscribed for with the Rights evidenced by such Subscription Certificate(s) (the "Basic Subscription Right") will have the right to subscribe for additional Units, if any, available as a result of any unexercised Rights (such additional subscription right being referred to hereafter as the "Additional Subscription Privileged"). The Rights Offering will be conducted in the manner and upon the terms set forth in the Company's Prospectus dated \_\_\_\_\_, 200\_ (the "Prospectus"), which is incorporated herein by reference and made a part hereof as if set forth in full herein.
2. Appointment of Subscription Agent - You are hereby appointed as Subscription Agent to effect the Rights offering in accordance with the Prospectus. Each reference to you in this letter is to you in your capacity as Subscription Agent unless the context indicates otherwise.
3. Delivery of Documents - Enclosed herewith are the following, the receipt of which you acknowledge by your execution hereof: (a) a copy of the Prospectus; (b) the form of Subscription Certificate (with instructions); (c) resolutions adopted by the Board of Directors of the Company in connection with the Rights Offering, certified by the secretary of the Company; and (d) Notice of Guaranteed Delivery.

As soon as is reasonably practical, you shall mail or cause to be mailed to each holder of Common Shares at the close of business on the Record Date a Subscription Certificate evidencing the Rights to which such holder is entitled, a Notice of Guaranteed Delivery, a Prospectus and an envelope addressed to you. Prior to mailing, the Company will provide you with blank Subscription Certificates which you will prepare and issue in the names of holders of Common Shares of record at the close of business on the Record Date and for the number of Rights to which they are entitled. The Company will also provide you with a sufficient number of copies of each of the documents to be mailed with the Subscription Certificates.

4. Subscription Procedure -

(a) Upon your receipt prior to 5:00 p.m., New York City time, on the Expiration Date (by mail or delivery), as Subscription Agent, of (i) any Subscription Certificate completed and endorsed for exercise, as provided on the reverse side of the Subscription Certificate (except as provided in paragraph 8 hereof), and (ii) payment in full of the Subscription Price in U.S. funds by check, bank draft or money order payable at par (without deduction for bank service charges or otherwise) to the order of American Stock Transfer & Trust Company, you shall as soon as practicable after the Expiration Date, but after performing the procedures described in subparagraphs (b) and (c) below, mail to the subscriber's registered address on the books of the Company certificates representing the securities underlying each Unit duly subscribed for (pursuant to the Basic Subscription Right and the Additional Subscription Privilege) and furnish a list of all such information to the Company.

(b) As soon as practicable after the Expiration Date you shall calculate the number of Units to which each subscriber is entitled pursuant to the Additional Subscription Privilege. The Additional Subscription Privilege may only be exercised by holders who subscribe to all the Units that can be subscribed for under the Basic Subscription Right. The Units available for additional subscriptions will be those that have not been subscribed and paid for pursuant to the Basic Subscription Right (the "Remaining Units"). Where there are sufficient Remaining Units to satisfy all additional subscriptions by holders exercising their rights under the Additional Subscription Privilege, each holder shall be allotted the number of Additional Units subscribed for. If the aggregate number of Units subscribed for under the Additional Subscription Privilege exceeds the number of Remaining Units, the number of Remaining Units allotted to each participant in the Additional Subscription Privilege shall be the product (disregarding fractions) obtained by multiplying the number of Remaining Units by a fraction of which the numerator is the number of Units subscribed for by that participant under the Additional Subscription Privilege and the denominator is the aggregate number of Remaining Units subscribed for by all participants under the Additional Subscription Privilege. Any fractional Unit to which persons exercising their Additional Subscription Privilege would otherwise be entitled pursuant to such allocation shall be rounded to the next whole Unit.

(c) Upon calculating the number of Units to which each subscriber is entitled pursuant to the Additional Subscription Privilege and the amount overpaid, if any, by each subscriber, you shall, as soon as practicable, furnish a list of all such information to the Company.

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(d) Upon calculating the number of Units to which each subscriber is entitled pursuant to the Additional Subscription Privilege and assuming payment for the additional Units subscribed for has been delivered, you shall mail, as contemplated in subparagraph (a) above, the certificates representing the additional securities which the subscriber has been allotted. If a lesser number of Units is allotted to a subscriber under the Additional Subscription Privilege than the subscriber has tendered payment for, you shall remit the difference to the subscriber without interest or deduction at the same time as certificates representing the securities allotted pursuant to the Additional Subscription Privilege are mailed.

(e) Funds received by you pursuant to the Basic Subscription Right and the Additional Subscription Privilege shall be held by you in a segregated account. Upon mailing certificates representing the securities and refunding subscribers for additional Units subscribed for but not allocated, if any, you shall promptly remit to the Company all funds received in payment of the Subscription Price for Units sold in the Rights Offering.

5. Subdivision. Sale or Transfer of Rights - Until 5:00 p.m., New York City time, on the third business day prior to the Expiration Date, you shall facilitate subdivision or transfers of Subscription Certificates by issuing new Subscription Certificates in accordance with the instructions set forth on the reverse side of the Subscription Certificates.
6. Defective Exercise of Rights Lost Subscription Certificates - The Company shall have the absolute right to reject any defective exercise of Rights or

to waive any defect in exercise. Unless requested to do so by the Company, you shall not be under any duty to give notification to holders of Subscription Certificates of any defects or irregularities in subscriptions. Subscriptions will not be deemed to have been made until any such defects or irregularities have been cured or waived within such time as the Company shall determine. You shall as soon as practicable return Subscription Certificates with the defects or irregularities which have not been cured or waived to the holder of the Rights. If any Subscription Certificate is alleged to have been lost, stolen or destroyed, you should follow the same procedures followed for lost stock certificates representing Common Shares you use in your capacity as transfer agent for the Company's Common Shares.

7. Late Delivery - If prior to 5:00 p.m., New York City time, on the Expiration Date you receive (i) payment in full of the Subscription Price for the Units being subscribed for and (ii) a guarantee notice substantially in the form of the Notice of Guaranteed Delivery delivered with the Subscription Certificate, from a financial institution having an office or correspondent in the United States, or a member firm of any registered United States national securities exchange or of the National Association of Securities Dealers, Inc. stating the certificate number of the Subscription Certificate relating to the Rights, the name and address of the exercising subscriber, the number of Rights represented by the Subscription Certificate held by such exercising subscriber, the number of Units being subscribed for pursuant to the Rights and guaranteeing the delivery to you of the Subscription Certificate evidencing such Rights within three NASDAQ National Market ("NNM") trading days following the date of the Notice of Guaranteed Delivery, then the Rights may be exercised even though the Subscription Certificate was not delivered to you prior to 5:00 p.m., New York City time, on the Expiration Date, provided that within three NNM trading days following the date of the Notice of Guaranteed Delivery you receive the properly completed Subscription Certificate evidencing the Rights being exercised, with signatures guaranteed if required.
8. Delivery - You shall deliver to the Company the exercised Subscription Certificates in accordance with written directions received from the Company and shall deliver to the subscribers who have duly exercised Rights at their registered addresses certificates representing the securities subscribed for as instructed on the reverse side of the Subscription Certificates.
9. Reports - You shall notify the Company by telephone on or before the close of business on each business day during the period commencing 5 business days after the mailing of the Rights and ending at the Expiration Date (and in the case of guaranteed deliveries ending three NNM trading days after the Expiration Date) (a "daily notice"), which notice shall thereafter be confirmed in writing, of (i) the number of Rights exercised on the day covered by such daily notice, (ii) the number of Rights subject to guaranteed exercises on the day covered by such daily notice, (iii) the number of Rights for which defective exercises have been received on the day covered by such daily notice, and (iv) the cumulative total of the information set forth in clauses (i) through (iii) above. At or before 5:00 p.m., New York City time, on the first NNM trading day following the Expiration Date you shall certify in writing to the Company the cumulative total through the Expiration Date of all the information set forth in clauses (i) through (iii) above. At or before 10:00 a.m., New York City time, on the fifth NNM trading day following the Expiration Date you will execute and deliver to the Company a certificate setting forth the number of Rights exercised pursuant to a Notice of Guaranteed Delivery and as to which Subscription Certificates have been timely received. You shall also maintain and update a listing of holders who have fully or partially exercised their Rights, holders who have transferred their Rights and their transferees, and holders who have not exercised their Rights. You shall provide the Company or its designees with such information compiled by you pursuant to this paragraph 9 as any of them shall request.
10. Future Instructions - With respect to notices or instructions to be provided by the Company hereunder, you may rely and act on any written instruction signed by any one or more of the following authorized officers or employees of the Company:
11. Payment of Expenses - The Company will pay you compensation for acting in

your capacity as Subscription Agent hereunder in the amount of \$ \_\_\_\_\_  
plus your reasonable out-of-pocket expenses.

12. Counsel - You may consult with counsel satisfactory to you, which may be counsel to the Company, and the advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by you hereunder in good faith and in accordance with such advice an opinion of such counsel.

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13. Indemnification - The Company covenants and agrees to indemnify and hold you harmless against any costs, expenses (including reasonable fees of legal counsel), losses or damages, which may be paid, incurred or suffered by or to which you may become subject arising from or out of, directly or indirectly, any claim or liability resulting from your actions as Subscription Agent pursuant hereto; provided that such covenant and agreement does not extend to such costs, expenses, losses and damages incurred or suffered by you as a result of, or arising out of, your own gross negligence, misconduct or bad faith or that of any employees, agents or independent contractors used by you in connection with performance of your duties as Subscription Agent hereunder.

14. Notices - Unless otherwise provided herein, all reports, notices and other communications required or permitted to be given hereunder shall be in writing and delivered by hand or confirmed telecopy or by first class U.S. mail, postage prepaid, shall be deemed given if by hand or telecopy, upon receipt or if by U.S. mail, three business days after deposit in the U.S. mail and shall be addressed as follows

- (a) If to the Company, to:

Global Income Fund, Inc.  
11 Hanover Square, 12th Floor  
New York, N.Y. 10005  
Attention: Thomas B. Winmill  
Telephone: (212) 635-0671  
Telecopy: (212) 785-0400

- (b) If to you, to:

American Stock Transfer & Trust Company  
59 Maiden Lane  
New York, N.Y. 10038  
Attention: George Karfunkel  
Telephone: (718) 921-8200  
Telecopy: (718) 236-4588

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As of July 18, 2003

Midas Family of Funds  
11 Hanover Square  
New York, NY 10005

Attention: Thomas B. Winmill, President

RE: Committed Secured Leveraging Facility

Ladies and Gentlemen:

State Street Bank and Trust Company (the "Bank") had previously made available a \$9,000,000 committed unsecured leveraging line of credit (the "Committed Line") to Midas Fund, Inc., Midas Special Equities Fund, Inc., Global Income Fund, Inc., and Tuxis Corporation, each a Maryland corporation (each, an "Existing Borrower") as described on Appendix I to that certain loan agreement dated July 1, 1997 by and between the Existing Borrowers and the Bank (as amended prior to the date hereof, the "Existing Loan Agreement"). Obligations of the Existing Borrowers with respect to loans made pursuant to the Committed Line are evidenced by an amended and restated promissory note in the original principal amount of \$9,000,000 dated as of June 27, 2001 (the "Existing Note").

The parties hereto have agreed to amend and restate the Existing Loan Agreement in its entirety as set forth below. Therefore, for good and valuable consideration, the receipt of which is hereby acknowledged, the Bank is please to make available a \$9,000,000 committed secured leveraging line of credit to the borrowers listed on Appendix I hereto (each, a "Borrower") on the following terms and conditions:

#### I. Committed Line

1. Term. The Committed Line shall commence on the date hereof and expire July 16, 2004 (the "Expiration Date"), unless extended in the discretion of the Bank or terminated by the Borrowers as provided herein. The Borrowers may collectively terminate the Committed Line upon five (5) days prior written notice and payment of all outstanding principal, interest, fees, costs and expenses on the effective date of termination.

2. Notice and Manner of Borrowings. Subject to the terms and conditions hereof, the Bank will make revolving loans to a Borrower under the

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Committed Line (each such loan, a "Loan") not to exceed in the aggregate outstanding at any time with respect to any one Borrower the least of (a) \$9,000,000, (b) the current Borrowing Base of the Borrower for which a Loan is extended, (c) 20% of the value of the total assets of the Borrower for which a Loan is extended less such Borrower's total liabilities not represented by senior securities (as defined in the Investment Company Act), less the value of any assets of the Borrower pledged to, or otherwise segregated for the benefit of a party other than the Bank and in connection with a liability not reflected in the calculation of the Borrower's total liabilities; and (d) the maximum amount which the Borrower for which a Loan is made is permitted to borrow at any time or in the aggregate pursuant to the Prospectus, the Investment Company Act or any registration made thereunder, any vote of the shareholders of the Borrower, any agreement of the Borrower with any foreign, federal, state or local securities division to which the Borrower is subject, any other applicable agreement or document to which the Borrower is a party or any law, rule or regulation applicable to the Borrower (the least of (a), (b), (c), and (d) the

"Maximum Facility Amount"). Notwithstanding the foregoing, at no time shall the aggregate outstanding amount of all Loans to all Borrowers hereunder exceed \$9,000,000 (the "Committed Line Amount"). Each request for a Loan hereunder or repayment thereof shall be made in an amount equal to or exceeding \$10,000, unless such transaction is a full repayment of all outstanding borrowings to the Borrower. At the time of a borrowing request, the Borrower shall deliver a completed loan request in the form of Exhibit B and a completed current Borrowing Base Certificate in the form of Exhibit C, each attached hereto, and received by the Bank not later than (a) 3:00 P.M. Boston time on the Business Day on which such Loan is to be made in the case of Federal Funds Rate Loans, as defined below; and (b) 12:00 P.M. Boston time on the third Business Day prior to the Business Day on which such Loan is to be made, continued, or converted in the case of LIBOR Rate Loans, as defined below. On the date a Loan is to be made, the Bank shall make available such Loan amount (a) promptly after receipt of notice in the case Federal Funds Rate Loans; and (b) not later than 3:00 P.M. in the case of LIBOR Rate Loans. Each Loan request hereunder shall be deemed to be a confirmation by such Borrower that no Default has occurred and is continuing hereunder with respect to such Borrower, that the representations and warranties of the Borrower described below remain true and correct and that no borrowing limitations applicable to the Borrower will be exceeded after giving effect to the requested Loan, each of which shall be a precondition to the making of any Loan hereunder.

3. Evidence of Indebtedness. All Loans will be evidenced by an amended and restated promissory note in the form attached hereto as Exhibit A (the "Note"). Each Borrower hereby authorizes the Bank to record each Loan and the corresponding information on the schedule forming part of the Note, and, absent manifest error, this record shall govern and control. The failure by the Bank to record, or any error in so recording, any such amount on the Bank's books and records, such schedule, or any other record maintained by the Bank, shall not limit or otherwise affect the obligation of a Borrower to make payments of principal and interest on each Loan as provided herein and in the Note.

4. Interest Rate. Principal on each outstanding Loan shall bear interest at either (a) a variable rate per annum equal to three-quarters percent (0.75%) above the Bank's Federal Funds Rate; or (b) three-quarters percent (0.75%) above the LIBOR Rate (principal outstanding bearing interest based upon

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the LIBOR Rate, "LIBOR Rate Loans"; and loans bearing interest based upon the Bank's Federal Funds Rate, "Federal Funds Rate Loans"). The Borrower shall select either (a) or (b) at the time the borrowing request is made. The Bank shall quote LIBOR Rate Loans for interest periods of 30 or 60 days; and in the case of loans used for leverage, 90 days (each a "Interest Period"). Interest on each Loan shall be calculated on the basis of a 360-day year for the actual number of days elapsed. Following the occurrence of a Default hereunder, unpaid principal on any Loan, and to the extent permitted by applicable law, unpaid interest on any Loan, shall thereafter bear interest, compounded monthly and payable on demand, until paid in full (after as well as before judgment) at a rate per annum equal to two percent (2.0%) above the rate otherwise applicable to such Loan hereunder.

5. Payments and Prepayment/Recourse. (a) Each Loan, together with accrued and unpaid interest thereon, shall be due and payable upon the earliest of (i) the date on which such Loan becomes due pursuant to Section II, Paragraph 4 below following the occurrence of a Default, or (ii) the Expiration Date; provided, however, that a Borrower may not have Loans outstanding hereunder for a period in excess of sixty (60) consecutive calendar days if such Loan is for temporary or emergency purposes. If not due sooner, interest on all Federal Funds Rate Loans shall be payable monthly in arrears on the fifteenth day of each month and interest on LIBOR Rate Loans shall be paid at the end of the applicable Interest Period.

(b) All LIBOR Rates shall be adjusted to reflect deposit requirements, reserves, capital, taxes and other charges assessed against the Bank in connection with the Bank's offering such a pricing option and the Borrower agrees to pay to the Bank any increase in cost or reduction in the rate of return realized by the Bank as a result of imposition of any of the foregoing

which is not reflected in adjustments to the LIBOR Rate. In the event that (i) the Bank is unable to offer a LIBOR Rate, (ii) it is unlawful or impractical for the Bank to offer such a rate; or (iii) the LIBOR Rate does not reflect the cost to the Bank of offering such a pricing option, then in any such event the Bank shall have no further obligation to quote LIBOR Rates until such event ceases to be in effect, and in the event that the making or continuing of any LIBOR Rate Loan is unlawful, the Borrower shall repay the amount of any outstanding LIBOR Rate Loans and may re-borrow such LIBOR Rate Loans as Federal Funds Rate Loans subject to the terms of this Agreement. The Borrower shall give to the Bank no less than three (3) Business Days' prior notice for the Bank to make or continue any expiring LIBOR Rate Loan, and in the event that the Bank does not receive adequate prior notice as to any requested LIBOR Rate Loan, the Bank may roll over or continue any such Loan into a Federal Funds Rate Loan or a LIBOR Rate Loan of similar type, amount and interest period.

(c) Federal Funds Rate Loans may be prepaid at any time without penalty. LIBOR Rate Loans may be prepaid, but the Borrower agrees (i) to pay all costs, fees and expenses of the Bank relating to any prepayment of any LIBOR Rate Loan whether as a result of acceleration after a Default or otherwise; and (ii) any such prepayment must be with respect to the entire principal amount of such LIBOR Rate Loan. Any amounts prepaid may be re-borrowed subject to the terms hereof. All payments of principal and interest with respect to any Loan shall be made not later than 2:00 P.M. Boston time on the date due without set off or deduction in immediately available United States dollars at the Bank's office at 225 Franklin Street, Boston, Massachusetts or as otherwise directed in writing by the Bank.

(d) Each Borrower covenants and agrees to immediately repay any amount by which (i) the then outstanding aggregate principal amount of the Loans made on behalf of any one Borrower exceeds the Maximum Facility Amount of such Borrower, or (ii) the then outstanding aggregate principal amount of all Loans to all Borrowers hereunder exceeds the Committed Line Amount, upon the earlier to occur of such Borrower first becoming aware of any such excess or demand by the Bank.

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None of the directors, officers, agents or shareholders of a Borrower assumes any personal liability for the obligations entered into on behalf of such Borrower with respect to the Committed Line. In addition, the principal amount of the Loans and accrued interest thereon and any fees or additional amounts payable in connection with or relating to such Loans pursuant to this Agreement shall be paid or repaid solely from the assets of the Borrower on whose behalf a Loan is made and the Bank shall have no right of recourse or offset against the assets of any other Borrower.

6. Use of Loan Proceeds. Proceeds of Loans may be used only (a) to temporarily finance the purchase or sale of securities for prompt delivery if the Loan is to be repaid promptly in the ordinary course of business upon completion of such purchase or sale transaction; (b) to finance the redemption of the shares of an investor of a Borrower for which a Loan is made; or (c) to leverage a Borrower's investment portfolio in accordance with its registration statement and applicable laws and regulations, including, without limitation, Federal Reserve Board Regulation U. Each Loan shall be made in compliance with, and subject to, such Regulation U and no portion of any proceeds of any Loan shall be used directly or indirectly in violation of any provision of any statute, regulation, order or restriction applicable to the Bank or the Borrower.

7. Security. All obligations of the Borrowers with respect to the Committed Line shall be secured by all collateral as described in the Mutual Fund Security Agreement from each Borrower to the Bank executed in connection herewith (as each may be amended, restated, supplemented or otherwise modified and in effect from time to time, collectively the "Security Agreement", and all now existing or hereafter acquired collateral in which the Bank has been granted a security interest or which is assigned to the Bank under the Security Agreement, the "Collateral").

8. Commitment Fee. The Borrowers agree to pay to the Bank a commitment fee equal to .10% per annum in the aggregate on the daily unused portion of the Committed Line Amount which shall be payable quarterly in arrears

on or before the 15th day following the end of each March, June, September and December of each year and on the Expiration Date or, if earlier, on the date when the commitment hereunder is terminated. The commitment fee described herein shall be calculated on the basis of a 360-day year for the actual number of days elapsed.

9. Addition of Borrowers. Once per quarter, the Borrowers may request, and the Bank in its discretion may agree to, the addition of one or more registered investment companies advised by the Borrower's Investment Advisor to the terms of this Agreement.

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## II. General Loan Terms

1. Covenants. Until all Obligations of the Borrowers with respect to the Committed Line have been paid in full and the Committed Line has been terminated, unless otherwise consented to in writing by the Bank, each Borrower covenants and agrees as follows:

(a) not to issue any preferred stock or create, incur, assume or guarantee any Indebtedness without the Bank's prior consent, other than, to the extent permitted by the Prospectus (i) Indebtedness to the Bank, and Indebtedness to the Custodian incurred in connection with such custody relationship, (ii) Indebtedness and guarantees existing as of the date of this Agreement and disclosed on Exhibit D, (iii) reverse repurchase agreements aggregating not in excess of 5% of the Borrower's total assets; and (iv) other Indebtedness incurred in the ordinary course of the Borrower's business in connection with portfolio investments and investment techniques permissible under the Investment Company Act (and not for the primary purpose of borrowing money), but only to the extent such Indebtedness is reflected (if so required in accordance with generally accepted accounting principles) in the calculation of the Borrower's net assets;

(b) not to create, incur, assume or suffer to exist any mortgage, pledge, security interest, lien or other charge or encumbrance upon any of its assets or properties, or enter into any agreement preventing it from encumbering any such assets or properties without the Bank's prior consent, other than, to the extent permitted by the Prospectus (i) those in favor of the Bank or its affiliates or subsidiaries, (ii) those shown on Exhibit E, (iii) those in favor of any custodian of assets of the Borrower; and (iv) liens for taxes, fees, assessments and other governmental charges not yet due and payable;

(c) to (i) duly observe and comply in all material respects with all applicable laws, including, without limitation, the Investment Company Act and any asset coverage ratio or borrowing restriction or restrictions on indebtedness and extensions of credit contained therein and applicable to the Borrower, and applicable securities laws and regulations, and pay all taxes and governmental charges prior to the time they become delinquent, (ii) maintain in full force and effect all licenses and permits necessary in any material respect for the proper conduct of its business, (iii) maintain its current registration as an open-end or closed-end management investment company registered under the Investment Company Act and its status as a regulated investment company under Subchapter M of the United States Internal Revenue Code of 1986, (iv) operate in compliance with its organizational documents, the Prospectus and any other applicable investment policies and restrictions and agreements relating thereto, (v) not permit there to occur a change in the Investment Advisor of a Borrower or permit any change in the fundamental investment objectives or in the fundamental investment restrictions of any Borrower as described in the Prospectus of such Borrower, without the prior written consent of the Bank in each instance not to be unreasonably withheld, (vi) not permit there to occur a change in the Custodian of a Borrower without the prior written consent of the Bank not to be unreasonably withheld, (vii) comply with all terms and provisions of all documents evidencing or securing any Indebtedness to the Bank and to or with any party other than the Bank ("Other Indebtedness"), (viii) immediately notify the Bank of any default or event of default with respect to Other

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Indebtedness and of any default under or termination of any agreement with the Custodian or with the Investment Advisor and to provide to the Bank a copy of any notice received by the Borrower relating thereto and any notice or claim of any such default or termination, and (ix) immediately notify the Bank of any Default hereunder and of any litigation or governmental proceeding, inspection, or investigation commenced, pending, or overtly threatened in writing against the Borrower;

(d) to permit the Bank or its representatives and agents to visit and inspect the properties of a Borrower during normal business hours and make copies or abstracts from a Borrower's books and records;

(e) to pay all fees, costs and expenses incurred or paid by the Bank, including the Bank's reasonable attorney's fees and expenses, in connection with the administration, enforcement, amendment or termination of the Loan Documents;

(f) to submit to the Bank: (i) within sixty (60) days after the end of each semi-annual period in each fiscal year, each Borrower's semi-annual or annual, as the case may be, financial statements including a statement of assets, liabilities and investments as of the end of each such period in a form acceptable to the Securities and Exchange Commission and, in the case of annual statements, audited by a certified public accountant of recognized standing, (ii) all proxy materials, reports to shareholders and other information delivered to the shareholders of each Borrower, or to the Securities and Exchange Commission; including, in any event, copies of any material change to the Prospectus or registration statement, (iii) while a Loan is outstanding, a daily Borrowing Base Certificate in the form of Exhibit C hereto; and (iv) such other financial statements and information as to each Borrower or the Investment Advisor as the Bank may reasonably request from time to time. All financial statements required hereunder shall be prepared in accordance with generally accepted accounting principles consistently applied; and

(g) to execute and deliver such additional instruments and take such further action as the Bank may reasonably request solely to effect the purpose of the Loan Documents and the Loans.

2. Representations and Warranties. Each Borrower represents and warrants to the Bank that:

(a) the Borrower is duly organized, validly existing and in good standing under the laws of the state of its organization, and the Borrower is currently registered as an open-end or closed-end management investment company under the Investment Company Act, qualified as a regulated investment company within the meaning of the United States Internal Revenue Code of 1986, has all requisite power and authority to own its property and conduct its business as is now conducted, is duly authorized to do business in each jurisdiction where the nature of its properties or business requires such qualification and is in compliance with its organizational documents and applicable law, including,

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without limitation, the Investment Company Act. The Borrower has filed all income tax returns and paid all taxes due pursuant to such returns and the charges, accruals and reserves on the books and records of the Borrower with respect to such taxes and charges are, in the opinion of the Borrower, adequate;

(b) the execution, delivery and performance of each of the Loan Documents and the making of any Loan by the Bank to the Borrower hereunder (i) are, and will be, within the Borrower's power and authority, (ii) have been authorized by all necessary corporate or trust proceedings, as the case may be, (iii) do not, and will not, require the consent of any shareholders of the Borrower or approvals of any governmental authority other than those which have been received, (iv) will not contravene any provision of, or exceed any limitation contained in, the declaration of trust, articles of incorporation, by-laws, or other organizational documents of the Borrower or the Prospectus or any law, rule or regulation applicable to the Borrower; including, without limitation, the Investment Company Act, and the same will be in compliance with Federal Reserve Regulations T, U and X and the Investment Company Act, (v) does not constitute a default under any other agreement, order or undertaking binding on the Borrower, and (vi) does not require the consent or approval of any obligee or holder of any instrument relating to the Other Indebtedness or any

other party other than for those consents and approvals which have been received;

(c) each of the Loan Documents constitutes the legal, valid, binding and enforceable obligation of the Borrower, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally and by general equitable principles;

(d) all financial statements previously furnished to the Bank by the Borrower were prepared in accordance with generally accepted accounting principles and present fairly and completely the financial position of the Borrower. Since the date of such statements, there has been no material adverse change in the assets, liabilities, financial condition or business of the Borrower other than in the ordinary course of business. The Borrower has disclosed to the Bank in writing any and all facts which, to the best of the Borrower's knowledge after due inquiry, materially and adversely affect or may affect the business, operations or financial condition of the Borrower or the ability of the Borrower to perform its obligations under the Loan Documents;

(e) the Borrower has good and marketable title to all its material properties, assets and rights of every name and nature purportedly owned by it, except for encumbrances shown on Exhibit E;

(f) there is no litigation, arbitration, proceeding or investigation pending, or to the best of the Borrower's knowledge overtly threatened, against the Borrower or the Investment Advisor except those previously disclosed by the Borrower to the Bank in writing and except as described on Exhibit F attached hereto;

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(g) the shares of the Borrower have been registered under the Securities Act of 1933 and are eligible for sale under applicable state and federal securities laws and regulations;

(h) with regard to the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder, collectively, as amended and in effect from time to time ("ERISA") the Borrower is not treated as a single employer with any other person under ERISA, and has no liability with respect to any benefit arrangement, plan or multi-employer plan subject to ERISA;

(i) the Borrower is not an "Affiliated Person", as defined in the Investment Company Act, of the Bank;

(j) the Investment Advisor serves as investment advisor to the Borrower and the Custodian serves as custodian for the assets of the Borrower; and

(k) the Borrower has complied with, and is in compliance with, the fundamental investment policies and fundamental investment restrictions set forth in its respective Prospectus and Statement of Additional Information.

The making of each Loan hereunder to the Borrower shall be deemed to be a reaffirmation by such Borrower as to the representations and warranties contained in this paragraph and confirmation that no Default has occurred hereunder or will occur after giving effect to the making of such Loan.

3. Default. It will be a Default hereunder with respect to a Borrower if any of the following events occurs, as appropriate, with respect to such Borrower:

(a) the Borrower fails to pay when due any amount of principal of any Loan or any amount of interest thereon, or any fees or expenses payable hereunder or under the Note; or

(b) the Borrower fails to perform any term, covenant or agreement contained in any of the Loan Documents or pursuant to the Uncommitted Secured Redemption Facility, or a default or event of default occurs thereunder; or

(c) any material representation or warranty of the Borrower made in any of the Loan Documents or as an inducement for the Bank to make any Loan shall prove to have been false in any material respect upon the date when made or

deemed to have been made; or

(d) the Borrower fails to pay or perform when due any Obligation whether now existing or hereafter arising, or the Borrower fails to pay at maturity any obligations for Other Indebtedness or for the use of real or personal property, or fails to observe or perform any term, covenant or agreement evidencing or securing such Other Indebtedness or relating to such use of real or personal property; or

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(e) the Borrower or the Investment Advisor (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar official of itself or of all or a substantial part of its property, (ii) is generally not paying its debts as such debts become due, (iii) makes a general assignment for the benefit of its creditors, (iv) commences any case or proceeding under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, or any other law providing for the relief of debtors, (v) fails to contest in a timely or appropriate manner, or acquiesces in writing to, any petition filed against it in an involuntary case under the Federal Bankruptcy Code or other law, (vi) takes any action under the laws of its jurisdiction of incorporation or organization similar to any of the foregoing; or (vii) discontinues its business; or

(f) a proceeding or case shall be commenced against the Borrower or the Investment Advisor without the application or consent of such party, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or any substantial part of its assets, or (iii) similar relief in respect of it, under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts or any other law providing for the relief of debtors, and such proceeding or case shall continue undismissed, or unstayed and in effect, for a period of sixty (60) days; or an order for relief shall be entered in an involuntary case under the Federal Bankruptcy Code, against the Borrower or the Investment Advisor or action under the laws of the jurisdiction of incorporation or organization of the Borrower or the Investment Advisor similar to any of the foregoing shall be taken with respect to the Borrower or the Investment Advisor and shall continue unstayed and in effect for any period of sixty (60) days; or

(g) a final judgment or final order for the payment of money is entered against the Borrower by any court, or an execution or similar process is issued or levied against property of the Borrower, that in the aggregate exceeds 5% of the net assets of such Borrower in value and such judgment, order, warrant or process shall continue undischarged or unstayed for thirty (30) days; or

(h) there occurs a material adverse change in the business, assets, financial condition or prospects of the Borrower (which shall not include a decline in the net assets of the Borrower resulting from redemptions by shareholders of the Borrower or a decline in market value of securities held by the Borrower); or

(i) the Borrower challenges the validity or enforceability of any portion of any of the Loan Documents; or

(j) any investment advisory agreement which is in effect on the date hereof relating to the Borrower terminates or the Investment Advisor ceases to serve as the investment adviser for such Borrower or the Custodian ceases to serve as the custodian for the Borrower's assets without the prior written consent of the Bank in each instance which consent shall not be unreasonably withheld; or

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(k) the Borrower shall violate, or take any action that would result in a material deviation from, any of its fundamental investment policies or restrictions applicable to the Borrower as in effect from time to time,

including those as set forth in its Prospectus; or

(l) the Bank fails to have a first priority perfected security interest in the Collateral or an injunction is issued against the Borrower affecting any of the Collateral.

4. Remedies. Upon the occurrence of a Default described in subsections 3(e) and (f) immediately and automatically; and upon the occurrence of any other Default, at any time thereafter while such Default is continuing, at the Bank's option and upon the Bank's declaration:

(a) the Committed Line established hereunder shall terminate with respect to the defaulting Borrower;

(b) the unpaid principal amount of the Loans to the Borrower, together with accrued interest and all other Obligations with respect to such Borrower, shall become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived; and

(c) the Bank may exercise any and all rights it has under any of the Loan Documents and proceed to protect and enforce the Bank's rights by any action at law, in equity or other appropriate proceeding as it relates to such Borrower.

5. Set-Off. Upon and during the continuance of a Default or event of default hereunder, each Borrower authorizes the Bank and the Custodian to charge and setoff against any deposit account or other account maintained with either the Bank or the Custodian on behalf of such Borrower and apply the proceeds thereof against repayment of any unpaid Obligations of such Borrower individually, as appropriate. The foregoing shall be in addition to any other rights or remedies the Bank and the Custodian may have against the Borrower following the occurrence of a Default hereunder.

6. Amendments and Waivers. No waivers shall be effective unless in writing. No right of the Bank shall be exclusive of any other right of the Bank now or hereafter available under the Loan Documents, at law, in equity or otherwise; or by statute or any other provision of law; and no course of dealing or delay by the Bank in exercising any right hereunder shall operate as a waiver thereof or otherwise affect any rights or remedies of the Bank. All amendments hereto must be in writing signed by all parties hereto.

7. Assignments and Participations. A Borrower may not assign or transfer or participate any of its rights under any of the Loan Documents without the prior written consent of the Bank. The Bank may assign, pledge, transfer or participate its rights hereunder to any Federal Reserve Bank or to any other person or entity, provided however that no such person or entity taking a participation interest in the Borrower's Obligations, without the consent of the Borrower not to be unreasonably withheld, shall have any rights with respect to such participation other than for the right to vote on changes

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in interest, fees, commitment amount, principal payments, and any advance rate described herein.

8. Mergers, Consolidations, and Sales of Assets. A Borrower will not consolidate, merge, or reorganize its assets without the prior consent of the Bank, except that:

(a) a Borrower may sell its assets in the ordinary course of business as described in its Prospectus;

(b) a Borrower may merge, consolidate or reorganize its assets with another Borrower; provided that the Borrower shall provide notice to the Bank of its intention to merge, consolidate or reorganize its assets no later than ten (10) Business Days prior to the date of such merger, consolidation or reorganization, including a revised Appendix I attached hereto which gives effect to such merger, consolidation, or reorganization;

(c) a Borrower may merge, consolidate, or reorganize its assets with another entity (not a party to this Agreement) where the Borrower shall be the

surviving entity; provided, however, the Borrower shall provide notice to the Bank of its intention to merge, consolidate, or reorganize its assets no later than ten (10) Business Days prior to the date of such merger, consolidation, or reorganization, and no Default shall exist or result from such merger, consolidation, or reorganization;

(d) a Borrower may merge, consolidate or reorganize its assets with or into any other entity, or otherwise liquidate its assets where the Borrower is not the surviving entity; provided, however (i) the Borrower shall provide notice to the Bank of its intention to merge, consolidate, reorganize or liquidate its assets no later than ten (10) Business Days prior to the date of merger, consolidation, reorganization or liquidation, including a revised Appendix I attached hereto which gives effect to such merger, consolidation, reorganization or liquidation, (ii) all Obligations of the Borrower shall have been paid in full prior to such merger, consolidation, reorganization or liquidation; and (iii) from the effective date of such merger, consolidation, reorganization or liquidation, the Borrower shall no longer be permitted to make a borrowing request hereunder and the Agreement shall be terminated as to such Borrower.

9. Notices. All notices hereunder shall be in writing and shall be deemed to have been given one Business Day after delivery to overnight courier or when delivered by hand to the address given below and in each case such delivery is confirmed to have been made. Notices to the Bank shall be given to State Street Bank and Trust Company, Lafayette Corporate Center, 2 Avenue de Lafayette, 2nd Floor, Boston, Massachusetts 02111 Attn.: Paul J. Koobatian, Vice President or Mutual Fund Lending Department Head, and notices to the Borrower shall be deemed to have been given if given at the address stated at the beginning of this Agreement, Attention: Thomas B. Winmill, President.

10. Waiver of Jury Trial. Except as prohibited by law, neither the Borrowers nor the Bank, nor any assignee or successor of the Borrowers or the Bank, shall seek a jury trial in any lawsuit, proceeding, counterclaim or any other litigation procedure based upon or arising out of any of the Loan

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Documents. Neither the Borrowers nor the Bank will seek to consolidate any such action, in which a jury trial has been waived, with any other action in which a jury trial has not been waived. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THE PROVISIONS HEREOF SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

11. Jurisdiction. EACH OF THE LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW). EACH BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON SUCH BORROWER BY MAIL AT THE ADDRESS SPECIFIED ABOVE. EACH BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

12. Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original document.

13. Definitions. Except as otherwise defined herein, all financial terms shall be defined in accordance with generally accepted accounting principles. The following defined terms as used herein shall have the following meanings:

"Borrowing Base" shall mean for Loans constituting "purpose credit" or otherwise subject to the requirements of Federal Reserve Board Regulation U, the maximum advance rate applicable to the Eligible Collateral so that the Bank remains in compliance with the terms of such Regulation U after giving effect to the making of such Loan, and in all other cases the aggregate of the product of the following advance rates times the current market value of the following types

of Eligible Collateral in which the Bank has a valid perfected first security interest and assignment under the Security Agreement, which is held by the Bank and which is subject to no other claims or interests except as permitted hereby:

Advance Rate	Collateral Type
90%	United States, United Kingdom, German, French, Dutch and Japanese government and government agency securities and commercial paper rated not less favorably than A1 by Standard & Poor's or P1 by Moody's Investor Services.

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80%	Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands and Japan, rated not less favorably than BBB- by Standard & Poor's or Baa3 by Moody's Investor Services; all commercial paper rated A2 by Standard & Poor's or P2 by Moody's Investor Services.
75%	Equity securities traded on major United States, United Kingdom, French, German, Dutch, and Japanese exchanges. In the case of Loans used for leverage, the Advance Rate shall be 50% for U.S. equity securities.
65%	Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands and Japan, rated not less favorably than BB (but not BBB- or higher) by Standard & Poor's or Ba2 (but not Baa3 or higher) by Moody's Investor Services.
50%	Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands and Japan, rated not less favorably than B (but not BB or higher) by Standard & Poor's or B2 (but not Ba2 or higher) by Moody's Investor Services.
50%	Bonds issued by entities located in any OECD country (other than the United States, United Kingdom, Germany, France, the Netherlands and Japan) rated not less favorably than BBB- by Standard & Poor's or Baa3 by Moody's Investor Services.
50%	Equity securities traded on a major exchange in any OECD country (other than the United States, United Kingdom, Germany, France, the Netherlands and Japan).

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The Bank's determination as to the eligibility or appropriate collateral type and market value of such Eligible Collateral shall be

definitive absent manifest error, and the Bank may change the advance rates as described above upon notice to the Borrower. The Bank will exclude from calculation of the Borrowing Base as Eligible Collateral (i) that portion of the current market value of any single item of collateral, or items of collateral from any single issuer, comprising investment grade bonds or equity securities which exceeds 20% of the aggregate market value of all then Eligible Collateral and (ii) that portion of the current market value of any single item of collateral, or items of collateral from any single issuer, comprising bonds rated below investment grade which exceeds 10% of the aggregate market value of all then Eligible Collateral. The Eligible Collateral will be valued daily at current market value by independent pricing sources mutually acceptable to both the Bank and the Borrower. In the event that the Standard & Poor's and Moody's rating on an item of collateral shall differ, the lower of the two ratings shall be used in determining the applicable Advance Rate.

"Business Day" shall mean any day excluding Saturday and Sunday and excluding any other day which shall be in Boston, Massachusetts a legal holiday or a day on which banking institutions are authorized by law to close.

"Custodian" shall mean State Street Bank and Trust Company.

"Eligible Collateral" shall mean (a) OECD country equities, excluding non-investment grade members, traded on major exchanges with a per share value in excess of US\$8.00 per share, (b) United States, United Kingdom, German, French, Dutch, and Japanese government securities; and (c) bonds and commercial paper rated by Moody's Investor Services and Standard & Poor's.

"Federal Funds Rate" shall mean for any day, an interest rate per annum (expressed as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1%) equal to the floating rate of interest quoted by the Bank as its Federal Funds Rate for overnight loans.

"Indebtedness" shall mean all obligations for borrowed money and other extensions of credit to a Borrower and all amounts payable in connection therewith as permitted to be incurred by a registered investment company pursuant to the Investment Company Act.

"Investment Advisor" shall mean the Borrower's investment advisor appearing opposite such Borrower's name in the Appendix I attached hereto.

"Investment Company Act" means the Investment Company Act of 1940, as amended, together with all related rules and regulations promulgated by the Securities and Exchange Commission relating thereto.

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As of July 18, 2003  
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"LIBOR Rate" shall mean the rate determined by the Bank as the applicable rate of interest for United States dollar deposits in the London interbank market on the day of determination for the amount and duration of the requested Loan, which such determination shall be made by the Bank two business days prior to the business day such requested Loan is to be made.

"Loan Documents" shall mean this Agreement, the Note, the Security Agreement, and any other documents executed in connection herewith, as the same may be amended, superseded or replaced.

"Obligations" shall mean any and all obligations of a Borrower to the Bank of every kind and description, direct or indirect, absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising under the Loan Documents, and including obligations to perform acts and refrain from taking action as well as obligations to pay money.

"Prospectus" shall mean the current Prospectus and Statement of Additional Information in effect as of the date of this Agreement.

"Uncommitted Secured Redemption Facility" shall mean that certain uncommitted secured line of credit facility not to exceed \$9,000,000 made available by the Bank to one or more of the Borrowers pursuant to a loan agreement dated on or near the date hereof.

14. Amended and Restated Agreement. This Agreement amends and restates in its entirety the Existing Loan Agreement. Any Loans, advances or extensions of credit outstanding under the terms of the Existing Loan Agreement as of the date hereof shall be deemed to be Loans outstanding under the terms of this Agreement. This Agreement, and any documents executed in connection with this Agreement, shall supersede and replace the Existing Loan Agreement and all documents executed in connection therewith.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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As of July 18, 2003  
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If the foregoing satisfactorily sets forth the terms and conditions of the Committed Line, please execute and return to the undersigned each of the Loan Documents and such other documents and agreements as the Bank may request. We are pleased to provide the Committed Line to the Borrowers and look forward to the ongoing development of our relationship.

Sincerely,

STATE STREET BANK AND TRUST  
COMPANY

By: \_\_\_\_\_  
Paul J. Koobatian,  
Vice President

Acknowledged and Accepted:

MIDAS FUND, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

MIDAS SPECIAL EQUITIES FUND, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

GLOBAL INCOME FUND, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

TUXIS CORPORATION

By: \_\_\_\_\_

Title: \_\_\_\_\_

Midas Family of Funds  
As of July 18, 2003  
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STATE STREET BANK AND TRUST COMPANY,  
as Custodian



By: \_\_\_\_\_

Title: \_\_\_\_\_

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APPENDIX I

Borrower	Investment Adviser
Midas Fund, Inc.	Midas Management Corporation
Midas Special Equities Fund, Inc.	Midas Management Corporation
Global Income Fund, Inc.	CEF Advisers, Inc.
Tuxis Corporation	Officers of the Corporation*

\* Subject to the oversight and final direction of the Board of Directors.

EXHIBIT A  
AMENDED AND RESTATED  
PROMISSORY NOTE

\$ \_\_\_\_\_, 2003  
Boston, Massachusetts

For value received, the undersigned hereby promises to pay to State Street Bank and Trust Company (the "Bank"), or order, at the head office of the Bank at 225 Franklin Street, Boston, Massachusetts 02110 in immediately available United States dollars, the principal amount of \_\_\_\_\_ and no Dollars (\$ \_\_\_\_\_), or such lesser amount as shall not have been prepaid as provided herein. Each loan shall be payable upon the date on which the loan becomes due whether following the occurrence of a Default or otherwise as described in the Agreement (as hereinafter defined) or the Expiration Date, as defined in the Agreement. Interest on the unpaid principal amount outstanding hereunder shall be (i) payable at the rates and at the times as set forth in the Agreement and (ii) shall be computed as set forth in the Agreement. All terms not otherwise defined herein shall be used as defined in the Agreement.

All loans hereunder and all payments on account of principal and interest hereof shall be recorded by the Bank. The entries on the records of the Bank (including any appearing on this Note), absent manifest error, shall govern and control as to amounts outstanding hereunder, provided that the failure by the Bank to make any such entry shall not affect the obligation of the undersigned to make payments of principal and interest on all loans as provided herein and in the Agreement.

Following the occurrence of a Default hereunder, unpaid principal on any loan, and to the extent permitted by applicable law, unpaid interest on any loan, shall thereafter bear interest, compounded monthly and payable on demand, until paid in full (after as well as before judgment) at a rate per annum equal to two percent (2.0%) above the rate otherwise applicable to such loan hereunder.

This Note is issued pursuant to, and entitled to the benefits of, and is subject to, the provisions of a certain loan agreement dated \_\_\_\_\_, 2003 by and between the undersigned and the Bank (herein, as the same may from time to time be amended or extended, referred to as the "Agreement"), but neither this reference to the Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of the undersigned maker of this Note to pay the principal of and interest on this Note as herein provided.

This Note is secured by all Collateral as defined in the Security Agreement.

The undersigned may at its option prepay all or any part of the principal of this Note in accordance with the terms of the Agreement. Amounts prepaid may be re-borrowed subject to the terms of the Agreement.

Any deposits or other sums at any time credited by or due from the Bank to the undersigned and any securities or other property of the undersigned at any time in the possession of the Bank may at all times be held and treated as collateral for the payment of this Note.

The undersigned maker and every endorser and guarantor hereof hereby waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement hereof and consents that this Note may be extended from time to time and that no such extension or other indulgence, and no substitution, release or surrender of collateral and no discharge or release of any other party primarily or secondarily liable hereon, shall discharge or otherwise affect the liability of the undersigned, endorser or guarantor. No delay or omission on the part of the Bank in exercising any right hereunder shall operate as a waiver of such right or of any other right hereunder, and a waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any future occasion.

This Note shall amend and restated in its entirety an amended and restated promissory note in the original principal amount of \$9,000,000 dated as of June 27, 2001 (the "Existing Note"). Any amounts outstanding under the Existing Note shall be deemed to be outstanding under this Note.

This instrument shall have the effect of an instrument executed under seal and shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts (without giving effect to any conflicts of laws provisions contained therein).

WITNESS: [BORROWER]

\_\_\_\_\_  
By: \_\_\_\_\_  
Title: \_\_\_\_\_

SCHEDULE I TO NOTE DATED \_\_\_\_\_, 2003  
FROM \_\_\_\_\_  
TO THE BANK

Date of Loan    Amount of Principal    Amount of    Outstanding    Notation Made  
-----    -----    -----    -----

Principal Paid Balance By  
-----

EXHIBIT B

COMMITTED CREDIT FACILITY  
ADVANCE/PAYDOWN REQUEST FORM

DATE:  
-----

TO: STATE STREET BANK AND TRUST COMPANY  
-----

ATTN: Howard Fan - tel. (617) 664-4005 fax (617) 664-3941  
Monse Velazquez - tel. (617) 664-2145  
-----

FROM: [BORROWER]  
-----

FUND # ( ) DDA # ( )

In connection with the loan agreement dated \_\_\_\_\_, as amended, and all related documents currently in effect with State Street Bank and Trust Company (collectively, the "Agreement"), please increase or reduce the outstanding balance of \$ \_\_\_\_\_ by \$ \_\_\_\_\_ on \_\_\_\_\_ [insert date] \_\_\_\_\_ on behalf of [Borrower]. The Loan should be recorded on the books of the Borrower with the Bank and interest payable to the Bank should be recorded at the agreed upon rate.

This request is (check one): \_\_\_ a Loan \_\_\_ a Paydown \_\_\_ Fed Funds Overnight Rollover  
\_\_\_ LIBOR Rollover  
\_\_\_ a Conversion (Fed Funds Rate Loan to a LIBOR Rate Loan)  
\_\_\_ a Conversion (LIBOR Rate Loan to a Fed Funds Rate Loan)  
for \_\_\_\_\_ [insert number of days] \_\_\_\_\_

(Each request must be greater than or equal to \$10,000, other than a full repayment of all Loans.)

Interest Rate based on (check one): \_\_\_ Overnight Fed Funds \_\_\_ 30-day LIBOR  
\_\_\_ 60-day LIBOR \_\_\_ 90-day LIBOR

Further, the Borrower hereby represents and warrants that:

1. the proceeds of the Loan shall be used for (check one): \_\_\_ leverage  
\_\_\_ temporary/  
emergency  
and in conformance with the usage specified in the Agreement, and no event of default has occurred thereunder;
2. the Borrower is in compliance with all the terms and conditions in the Agreement and will remain in compliance therewith after giving effect to the making of the requested Loan; and
3. The following amounts and statements are true and correct after giving effect to the requested Loan:
  - (a) Principal balance outstanding to the Borrower under this credit facility (after giving effect to the requested Loan): \$ \_\_\_\_\_

- (b) Principal balance outstanding to the Borrower under the Uncommitted Unsecured Redemption Facility: \$ \_\_\_\_\_
- (c) Aggregate Loans outstanding [(a) plus (b)]: \$ \_\_\_\_\_
- (d) Total assets of the Borrower (after giving effect to the requested Loan): \$ \_\_\_\_\_
- (e) Total liabilities of the Borrower (without giving effect to the requested Loan): \$ \_\_\_\_\_
- (f) Value of assets pledged to, or otherwise segregated for the benefit of, a party other than the Bank: \$ \_\_\_\_\_
- (g) The amount equal to [(d) minus (e) minus (f)]: \$ \_\_\_\_\_
- (h) 20% of the amount set forth in (g) above: \$ \_\_\_\_\_
- (i) The amount set forth on line No. 9 of Annex I to Borrowing Base Certificate dated \_\_[insert date]\_\_: \$ \_\_\_\_\_
- (j) The amount set forth in (a) above does not exceed the lesser of (i) \$9,000,000, (ii) the amount set forth in (h) above, (iii) the amount set forth in (i) above, (iv) the Prospectus limitation for the Borrower, and (v) any other limitation on borrowing imposed upon the Borrower by any other entity as outlined in the Agreement.
- (k) The amount set forth in (c) above does not exceed \$18,000,000 in the aggregate for the Borrowers that are also party to the Uncommitted Secured Redemption Facility.
- (l) The aggregate principal balance outstanding to all Borrowers under this credit facility does not exceed \$9,000,000.

4. The undersigned is a duly authorized officer of the Borrower with authority to execute and deliver this document to the Bank and request the Loan described herein on behalf of the Borrower.

By:  
 \_\_\_\_\_  
 Name:  
 \_\_\_\_\_  
 Title  
 \_\_\_\_\_  
 Date:  
 \_\_\_\_\_

EXHIBIT C  
 FORM OF  
 BORROWING BASE CERTIFICATE

\_\_\_\_\_, 2003

State Street Bank and Trust Company  
 225 Franklin Street  
 Boston, MA 02110  
 Attn: Howard Fan/Monse Velazquez  
 Facsimile: (617) 664-3941

Ladies and Gentlemen:

Reference is hereby made to the loan agreement dated \_\_\_\_\_, 2003 (as amended and in effect from time to time, the "Agreement"), by and among Midas Fund, Inc., Midas Special Equities Fund, Inc., Global Income Fund, Inc., Tuxis Corporation, and State Street Bank and Trust Company. Capitalized terms

used herein and not otherwise defined shall have the meanings as set forth in the Agreement.

This Borrowing Base Certificate is delivered to you pursuant to the terms of the Agreement. The undersigned hereby certifies to you that he/she is an authorized signatory and attached hereto as Annex I is a true and accurate calculation of the Borrowing Base of \_\_\_\_\_ [BORROWER NAME] as at the end of \_\_\_\_\_ [INSERT DATE], determined in accordance with the requirements of the Agreement.

Very truly yours,

\_\_\_\_\_  
[BORROWER NAME]

By: \_\_\_\_\_

Title: \_\_\_\_\_  
Authorized Signatory

<TABLE>  
<CAPTION>

Annex I  
to Borrowing Base Certificate

As of: \_\_\_\_\_, 2003

	Column I	Column II
	Collateral for Loans under this Agreement	Eligible Collateral (After Applying Advance Rates to Items in Column I)
<S>	<C>	<C>
Types of Collateral		
1.	United States, United Kingdom, German, French, Dutch and Japanese government and government agency securities and commercial paper rated not less favorably than A1 by Standard & Poors ("S&P") or P1 by Moody's Investor Services ("Moody's): Multiplied by 90%:	\$ _____ \$ _____
2.	Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands and Japan rated not less favorably than BBB- by S&P or Baa3 by Moody's; all commercial paper rated A2 by S&P or P2 by Moody's: Multiplied by 80%:	\$ _____ \$ _____
3.	Equity securities traded on major stock exchanges in the United Kingdom, Germany, France, the Netherlands and Japan, having a market value equivalent in each instance of not less than \$8 per share: Multiplied by 75%:	\$ _____ \$ _____
4.	Equity securities (including American depository receipts and bonds convertible to equity securities) traded on the NYSE, American stock exchange, NASDAQ or other major stock exchange located in the United	

States and having a market value of not less than \$8 per share: \$ \_\_\_\_\_  
 Multiplied by 75% if the borrowing is not used for leverage: \$ \_\_\_\_\_  
 Multiplied by 50% if the borrowing is used for leverage: \$ \_\_\_\_\_

5. Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands or Japan rated not less favorably than BB (but not BBB- or higher) by S&P or Ba2 (but not Baa3 or higher) by Moody's: \$ \_\_\_\_\_  
 Multiplied by 65%: \$ \_\_\_\_\_

</TABLE>

<TABLE>  
 <CAPTION>

	Column I	Column II	
	Collateral for Loans under this Agreement	Eligible Collateral (After Applying Advance Rates to Items in Column I)	

<S>	<C>	<C>	<C>
-----	-----	-----	-----

Types of Collateral

6. Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands and Japan, rated not less favorably than B (but not BB or higher) by S&P or B2 (but not Ba2 or higher) by Moody's; Bonds issued by entities located in any OECD country (other than the United States, United Kingdom, Germany, France, the Netherlands and Japan) rated not less favorably than BBB- by S&P or Baa3 by Moody's; and equity securities traded on a major exchange in any OECD country (other than the United States, United Kingdom, Germany, France, the Netherlands and Japan) excluding those countries rated below investment grade by S&P and Moody's and having a market value equivalent in each instance of not less than \$8 per share: Multiplied by 50%: \$ \_\_\_\_\_  
 \$ \_\_\_\_\_

7. Total Eligible Collateral: \$ \_\_\_\_\_

8. Issuer Diversification Adjustment: (Does not apply to securities that are obligations of the United States government and its instrumentalities): That portion of the value of any single item of investment grade Collateral, or items of investment grade Collateral in Column II from any single issuer, which exceeds 20% of the value of Total Eligible Collateral (No. 7 above); plus that portion of the value of any single item of non-investment grade Collateral, or items of non-investment grade Collateral in Column II from any single issuer, which exceeds 10% of the value of Total Eligible Collateral (No. 7 above):  
 \$ \_\_\_\_\_

9. Eligible Collateral (No. 7 minus No. 8): \$ \_\_\_\_\_

</TABLE>

Footnote:

\* If both Standard and Poor's and Moody's Investor Services provide a rating for the same security, the lower of the two ratings will be used to determine the Advance Rate.

EXHIBIT D INDEBTEDNESS [To be completed by the Borrower]

EXHIBIT E ENCUMBRANCES  
[To be completed by the Borrower]

EXHIBIT F

LITIGATION

[To be completed by the Borrower]

As of July 18, 2003

Midas Family of Funds  
11 Hanover Square  
New York, NY 10005

Attention: Thomas B. Winmill, President

RE: Uncommitted Secured Redemption Facility

Ladies and Gentlemen:

State Street Bank and Trust Company (the "Bank") had previously made available a \$9,000,000 uncommitted unsecured redemption line of credit (the "Uncommitted Line") to Midas Fund, Inc., Midas Special Equities Fund, Inc., and Midas Dollar Reserves, Inc., each a Maryland corporation (each, an "Existing Borrower") as described on Appendix I to that certain loan agreement dated July 1, 1997 by and between the Existing Borrowers and the Bank (as amended prior to the date hereof, the "Existing Loan Agreement"). Obligations of the Existing Borrowers with respect to loans made pursuant to the Uncommitted Line are evidenced by an amended and restated promissory note in the original principal amount of \$9,000,000 dated as of June 27, 2001 (the "Existing Note").

The parties hereto have agreed to amend and restate the Existing Loan Agreement in its entirety as set forth below. Therefore, for good and valuable consideration, the receipt of which is hereby acknowledged, the Bank is please to make available a \$9,000,000 uncommitted secured redemption line of credit to the borrowers listed on Appendix I hereto (each, a "Borrower") on the following terms and conditions:

#### I. Uncommitted Line

1. Term. The Uncommitted Line shall commence on the date hereof and expire July 16, 2004 (the "Expiration Date"), unless extended in the discretion of the Bank or terminated by the Borrowers as provided herein. The Borrowers may collectively terminate the Uncommitted Line upon five (5) days prior written notice and payment of all outstanding principal, interest, fees, costs and expenses on the effective date of termination.

2. Notice and Manner of Borrowings. In the sole discretion of the Bank and subject to the terms and conditions hereof, the Bank will make revolving loans to a Borrower under the Uncommitted Line (each such loan, a "Loan") not to exceed in the aggregate outstanding at any time with respect to any one Borrower

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As of July 18, 2003  
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the least of (a) \$9,000,000, (b) the current Borrowing Base of the Borrower for which a Loan is extended, (c) 20% of the value of the total assets of the Borrower for which a Loan is extended less such Borrower's total liabilities not represented by senior securities (as defined in the Investment Company Act), less the value of any assets of the Borrower pledged to, or otherwise segregated for the benefit of a party other than the Bank and in connection with a liability not reflected in the calculation of the Borrower's total liabilities; and (d) the maximum amount which the Borrower for which a Loan is made is permitted to borrow at any time or in the aggregate pursuant to the Prospectus, the Investment Company Act or any registration made thereunder, any vote of the shareholders of the Borrower, any agreement of the Borrower with any foreign, federal, state or local securities division to which the Borrower is subject,



any other applicable agreement or document to which the Borrower is a party or any law, rule or regulation applicable to the Borrower (the least of (a), (b), (c), and (d) the "Maximum Facility Amount"). Notwithstanding the foregoing, at no time shall the aggregate outstanding amount of all Loans to all Borrowers hereunder exceed \$9,000,000 (the "Uncommitted Line Amount"). Each request for a Loan hereunder or repayment thereof shall be made in an amount equal to or exceeding \$10,000, unless such transaction is a full repayment of all outstanding borrowings to the Borrower. At the time of a borrowing request, the Borrower shall deliver a completed loan request in the form of Exhibit B and a completed current Borrowing Base Certificate in the form of Exhibit C, each attached hereto, and received by the Bank not later than 3:00 P.M. Boston time on the Business Day on which such Loan is to be made. Each Loan request hereunder shall be deemed to be a confirmation by such Borrower that no Default has occurred and is continuing hereunder with respect to such Borrower, that the representations and warranties of the Borrower described below remain true and correct and that no borrowing limitations applicable to the Borrower will be exceeded after giving effect to the requested Loan, each of which shall be a precondition to the making of any Loan hereunder.

3. Evidence of Indebtedness. All Loans will be evidenced by an amended and restated promissory note in the form attached hereto as Exhibit A (the "Note"). Each Borrower hereby authorizes the Bank to record each Loan and the corresponding information on the schedule forming part of the Note, and, absent manifest error, this record shall govern and control. The failure by the Bank to record, or any error in so recording, any such amount on the Bank's books and records, such schedule, or any other record maintained by the Bank, shall not limit or otherwise affect the obligation of a Borrower to make payments of principal and interest on each Loan as provided herein and in the Note.

4. Interest Rate. Principal on each outstanding Loan shall bear interest at a variable rate per annum equal to the Bank's Federal Funds Rate plus a spread to be determined at the time of borrowing. Interest on each Loan shall be calculated on the basis of a 360-day year for the actual number of days elapsed. Following the occurrence of a Default hereunder, unpaid principal on any Loan, and to the extent permitted by applicable law, unpaid interest on any Loan, shall thereafter bear interest, compounded monthly and payable on demand, until paid in full (after as well as before judgment) at a rate per annum equal to two percent (2.0%) above the rate otherwise applicable to such Loan hereunder.

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5. Payments and Prepayment/Recourse. (a) Each Loan, together with accrued and unpaid interest thereon, shall be due and payable upon the earliest of (i) sixty (60) days following the date on which such Loan is made, (ii) the date on which such Loan becomes due pursuant to Section II, Paragraph 4 below following the occurrence of a Default, or (iii) the Expiration Date; provided, however, that a Borrower may not have Loans outstanding hereunder for a period in excess of sixty (60) consecutive calendar days. If not due sooner, interest on all Loans shall be payable monthly in arrears on the fifteenth day of each month; however, if such day is not a Business Day, interest shall be payable on the preceding Business Day, with all accrued and unpaid interest due and payable on the same day when principal is due and payable.

(b) Loans may be prepaid at any time without penalty. Any amounts prepaid may be re-borrowed subject to the terms hereof. All payments of principal and interest with respect to any Loan shall be made not later than 2:00 P.M. Boston time on the date due without set off or deduction in immediately available United States dollars at the Bank's office at 225 Franklin Street, Boston, Massachusetts or as otherwise directed in writing by the Bank.

(c) Each Borrower covenants and agrees to immediately repay any amount by which (i) the then outstanding aggregate principal amount of the Loans made on behalf of any one Borrower exceeds the Maximum Facility Amount of such Borrower, or (ii) the then outstanding aggregate principal amount of all Loans to all Borrowers hereunder exceeds the Uncommitted Line Amount, upon the earlier to occur of such Borrower first becoming aware of any such excess or demand by the Bank.

None of the directors, officers, agents or shareholders of a Borrower

assumes any personal liability for the obligations entered into on behalf of such Borrower with respect to the Uncommitted Line. In addition, the principal amount of the Loans and accrued interest thereon and any fees or additional amounts payable in connection with or relating to such Loans pursuant to this Agreement shall be paid or repaid solely from the assets of the Borrower on whose behalf a Loan is made and the Bank shall have no right of recourse or offset against the assets of any other Borrower. Notwithstanding anything to the contrary herein, or in any of the Loan Documents, the making of any Loan hereunder shall remain in the sole discretion of the Bank and the Bank shall have no commitment with respect thereto.

6. Use of Loan Proceeds. Proceeds of Loans may be used only (a) to temporarily finance the purchase or sale of securities for prompt delivery if the Loan is to be repaid promptly in the ordinary course of business upon completion of such purchase or sale transaction; (b) to finance the redemption of the shares of an investor of a Borrower for which a Loan is made; or (c) to enable the Borrower to meet emergency expenses not reasonably foreseeable. Each Loan shall be made in compliance with, and subject to, Federal Reserve Board Regulation U and no portion of any proceeds of any Loan shall be used directly or indirectly in violation of any provision of any statute, regulation, order or restriction applicable to the Bank or the Borrower.

7. Security. All obligations of the Borrowers with respect to the Uncommitted Line shall be secured by all collateral as described in the Mutual Fund Security Agreement from each Borrower to the Bank executed in connection

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herewith (as each may be amended, restated, supplemented or otherwise modified and in effect from time to time, collectively the "Security Agreement", and all now existing or hereafter acquired collateral in which the Bank has been granted a security interest or which is assigned to the Bank under the Security Agreement, the "Collateral").

8. Addition of Borrowers. Once per quarter, the Borrowers may request, and the Bank in its discretion may agree to, the addition of one or more registered investment companies advised by the Borrower's Investment Advisor to the terms of this Agreement.

## II. General Loan Terms

1. Covenants. Until all Obligations of the Borrowers with respect to the Uncommitted Line have been paid in full and the Uncommitted Line has been terminated, unless otherwise consented to in writing by the Bank, each Borrower covenants and agrees as follows:

(a) not to issue any preferred stock or create, incur, assume or guarantee any Indebtedness without the Bank's prior consent, other than, to the extent permitted by the Prospectus (i) Indebtedness to the Bank, and Indebtedness to the Custodian incurred in connection with such custody relationship, (ii) Indebtedness and guarantees existing as of the date of this Agreement and disclosed on Exhibit D, (iii) reverse repurchase agreements aggregating not in excess of 5% of the Borrower's total assets; and (iv) other Indebtedness incurred in the ordinary course of the Borrower's business in connection with portfolio investments and investment techniques permissible under the Investment Company Act (and not for the primary purpose of borrowing money), but only to the extent such Indebtedness is reflected (if so required in accordance with generally accepted accounting principles) in the calculation of the Borrower's net assets;

(b) not to create, incur, assume or suffer to exist any mortgage, pledge, security interest, lien or other charge or encumbrance upon any of its assets or properties, or enter into any agreement preventing it from encumbering any such assets or properties without the Bank's prior consent, other than, to the extent permitted by the Prospectus (i) those in favor of the Bank or its affiliates or subsidiaries, (ii) those shown on Exhibit E, (iii) those in favor of any custodian of assets of the Borrower; and (iv) liens for taxes, fees, assessments and other governmental charges not yet due and payable;

(c) to (i) duly observe and comply in all material respects with all applicable laws, including, without limitation, the Investment Company Act and any asset coverage ratio or borrowing restriction or restrictions on indebtedness and extensions of credit contained therein and applicable to the Borrower, and applicable securities laws and regulations, and pay all taxes and governmental charges prior to the time they become delinquent, (ii) maintain in full force and effect all licenses and permits necessary in any material respect for the proper conduct of its business, (iii) maintain its current registration as an open-end or closed-end management investment company registered under the

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Investment Company Act and its status as a regulated investment company under Subchapter M of the United States Internal Revenue Code of 1986, (iv) operate in compliance with its organizational documents, the Prospectus and any other applicable investment policies and restrictions and agreements relating thereto, (v) not permit there to occur a change in the Investment Advisor of a Borrower or permit any change in the fundamental investment objectives or in the fundamental investment restrictions of any Borrower as described in the Prospectus of such Borrower, without the prior written consent of the Bank in each instance not to be unreasonably withheld, (vi) not permit there to occur a change in the Custodian of a Borrower without the prior written consent of the Bank not to be unreasonably withheld, (vii) comply with all terms and provisions of all documents evidencing or securing any Indebtedness to the Bank and to or with any party other than the Bank ("Other Indebtedness"), (viii) immediately notify the Bank of any default or event of default with respect to Other Indebtedness and of any default under or termination of any agreement with the Custodian or with the Investment Advisor and to provide to the Bank a copy of any notice received by the Borrower relating thereto and any notice or claim of any such default or termination, and (ix) immediately notify the Bank of any Default hereunder and of any litigation or governmental proceeding, inspection, or investigation commenced, pending, or overtly threatened in writing against the Borrower;

(d) to permit the Bank or its representatives and agents to visit and inspect the properties of a Borrower during normal business hours and make copies or abstracts from a Borrower's books and records;

(e) to pay all fees, costs and expenses incurred or paid by the Bank, including the Bank's reasonable attorney's fees and expenses, in connection with the administration, enforcement, amendment or termination of the Loan Documents;

(f) to submit to the Bank: (i) within sixty (60) days after the end of each semi-annual period in each fiscal year, each Borrower's semi-annual or annual, as the case may be, financial statements including a statement of assets, liabilities and investments as of the end of each such period in a form acceptable to the Securities and Exchange Commission and, in the case of annual statements, audited by a certified public accountant of recognized standing, (ii) all proxy materials, reports to shareholders and other information delivered to the shareholders of each Borrower, or to the Securities and Exchange Commission; including, in any event, copies of any material change to the Prospectus or registration statement, (iii) while a Loan is outstanding, a daily Borrowing Base Certificate in the form of Exhibit C hereto; and (iv) such other financial statements and information as to each Borrower or the Investment Advisor as the Bank may reasonably request from time to time. All financial statements required hereunder shall be prepared in accordance with generally accepted accounting principles consistently applied; and

(g) to execute and deliver such additional instruments and take such further action as the Bank may reasonably request solely to effect the purpose of the Loan Documents and the Loans.

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2. Representations and Warranties. Each Borrower represents and warrants to the Bank that:

(a) the Borrower is duly organized, validly existing and in good

standing under the laws of the state of its organization, and the Borrower is currently registered as an open-end or closed-end management investment company under the Investment Company Act, qualified as a regulated investment company within the meaning of the United States Internal Revenue Code of 1986, has all requisite power and authority to own its property and conduct its business as is now conducted, is duly authorized to do business in each jurisdiction where the nature of its properties or business requires such qualification and is in compliance with its organizational documents and applicable law, including, without limitation, the Investment Company Act. The Borrower has filed all income tax returns and paid all taxes due pursuant to such returns and the charges, accruals and reserves on the books and records of the Borrower with respect to such taxes and charges are, in the opinion of the Borrower, adequate;

(b) the execution, delivery and performance of each of the Loan Documents and the making of any Loan by the Bank to the Borrower hereunder (i) are, and will be, within the Borrower's power and authority, (ii) have been authorized by all necessary corporate or trust proceedings, as the case may be, (iii) do not, and will not, require the consent of any shareholders of the Borrower or approvals of any governmental authority other than those which have been received, (iv) will not contravene any provision of, or exceed any limitation contained in, the declaration of trust, articles of incorporation, by-laws, or other organizational documents of the Borrower or the Prospectus or any law, rule or regulation applicable to the Borrower; including, without limitation, the Investment Company Act, and the same will be in compliance with Federal Reserve Regulations T, U and X and the Investment Company Act, (v) does not constitute a default under any other agreement, order or undertaking binding on the Borrower, and (vi) does not require the consent or approval of any obligee or holder of any instrument relating to the Other Indebtedness or any other party other than for those consents and approvals which have been received;

(c) each of the Loan Documents constitutes the legal, valid, binding and enforceable obligation of the Borrower, except as the same may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally and by general equitable principles;

(d) all financial statements previously furnished to the Bank by the Borrower were prepared in accordance with generally accepted accounting principles and present fairly and completely the financial position of the Borrower. Since the date of such statements, there has been no material adverse change in the assets, liabilities, financial condition or business of the Borrower other than in the ordinary course of business. The Borrower has disclosed to the Bank in writing any and all facts which, to the best of the Borrower's knowledge after due inquiry, materially and adversely affect or may affect the business, operations or financial condition of the Borrower or the ability of the Borrower to perform its obligations under the Loan Documents;

(e) the Borrower has good and marketable title to all its material properties, assets and rights of every name and nature purportedly owned by it, except for encumbrances shown on Exhibit E;

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(f) there is no litigation, arbitration, proceeding or investigation pending, or to the best of the Borrower's knowledge overtly threatened, against the Borrower or the Investment Advisor except those previously disclosed by the Borrower to the Bank in writing and except as described on Exhibit F attached hereto;

(g) the shares of the Borrower have been registered under the Securities Act of 1933 and are eligible for sale under applicable state and federal securities laws and regulations;

(h) with regard to the Employee Retirement Income Security Act of 1974, and the rules and regulations thereunder, collectively, as amended and in effect from time to time ("ERISA") the Borrower is not treated as a single employer with any other person under ERISA, and has no liability with respect to any benefit arrangement, plan or multi-employer plan subject to ERISA;

(i) the Borrower is not an "Affiliated Person", as defined in the Investment Company Act, of the Bank;

(j) the Investment Advisor serves as investment advisor to the Borrower and the Custodian serves as custodian for the assets of the Borrower; and

(k) the Borrower has complied with, and is in compliance with, the fundamental investment policies and fundamental investment restrictions set forth in its respective Prospectus and Statement of Additional Information.

The making of each Loan hereunder to the Borrower shall be deemed to be a reaffirmation by such Borrower as to the representations and warranties contained in this paragraph and confirmation that no Default has occurred hereunder or will occur after giving effect to the making of such Loan.

3. Default. It will be a Default hereunder with respect to a Borrower if any of the following events occurs, as appropriate, with respect to such Borrower:

(a) the Borrower fails to pay when due any amount of principal of any Loan or any amount of interest thereon, or any fees or expenses payable hereunder or under the Note; or

(b) the Borrower fails to perform any term, covenant or agreement contained in any of the Loan Documents or pursuant to the Committed Secured Leveraging Facility, or a default or event of default occurs thereunder; or

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(c) any material representation or warranty of the Borrower made in any of the Loan Documents or as an inducement for the Bank to make any Loan shall prove to have been false in any material respect upon the date when made or deemed to have been made; or

(d) the Borrower fails to pay or perform when due any Obligation whether now existing or hereafter arising, or the Borrower fails to pay at maturity any obligations for Other Indebtedness or for the use of real or personal property, or fails to observe or perform any term, covenant or agreement evidencing or securing such Other Indebtedness or relating to such use of real or personal property; or

(e) the Borrower or the Investment Advisor (i) applies for or consents to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or similar official of itself or of all or a substantial part of its property, (ii) is generally not paying its debts as such debts become due, (iii) makes a general assignment for the benefit of its creditors, (iv) commences any case or proceeding under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, or any other law providing for the relief of debtors, (v) fails to contest in a timely or appropriate manner, or acquiesces in writing to, any petition filed against it in an involuntary case under the Federal Bankruptcy Code or other law, (vi) takes any action under the laws of its jurisdiction of incorporation or organization similar to any of the foregoing; or (vii) discontinues its business; or

(f) a proceeding or case shall be commenced against the Borrower or the Investment Advisor without the application or consent of such party, in any court of competent jurisdiction, seeking (i) the liquidation, reorganization, dissolution, winding-up, or composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of it or of all or any substantial part of its assets, or (iii) similar relief in respect of it, under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts or any other law providing for the relief of debtors, and such proceeding or case shall continue undismissed, or unstayed and in effect, for a period of sixty (60) days; or an order for relief shall be entered in an involuntary case under the Federal Bankruptcy Code, against the Borrower or the Investment Advisor or action under the laws of the jurisdiction of incorporation or organization of the Borrower or the Investment Advisor similar to any of the foregoing shall be taken with respect to the Borrower or the Investment Advisor and shall continue unstayed and in effect for any period of sixty (60) days; or

(g) a final judgment or final order for the payment of money is

entered against the Borrower by any court, or an execution or similar process is issued or levied against property of the Borrower, that in the aggregate exceeds 5% of the net assets of such Borrower in value and such judgment, order, warrant or process shall continue undischarged or unstayed for thirty (30) days; or

(h) there occurs a material adverse change in the business, assets, financial condition or prospects of the Borrower (which shall not include a decline in the net assets of the Borrower resulting from redemptions by shareholders of the Borrower or a decline in market value of securities held by the Borrower); or

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(i) the Borrower challenges the validity or enforceability of any portion of any of the Loan Documents; or

(j) any investment advisory agreement which is in effect on the date hereof relating to the Borrower terminates or the Investment Advisor ceases to serve as the investment adviser for such Borrower or the Custodian ceases to serve as the custodian for the Borrower's assets without the prior written consent of the Bank in each instance which consent shall not be unreasonably withheld; or

(k) the Borrower shall violate, or take any action that would result in a material deviation from, any of its fundamental investment policies or restrictions applicable to the Borrower as in effect from time to time, including those as set forth in its Prospectus.; or

(l) the Bank fails to have a first priority perfected security interest in the Collateral or an injunction is issued against the Borrower affecting any of the Collateral.

4. Remedies. Upon the occurrence of a Default described in subsections 3(e) and (f) immediately and automatically; and upon the occurrence of any other Default, at any time thereafter while such Default is continuing, at the Bank's option and upon the Bank's declaration:

(a) the Uncommitted Line established hereunder shall terminate with respect to the defaulting Borrower;

(b) the unpaid principal amount of the Loans to the Borrower, together with accrued interest and all other Obligations with respect to such Borrower, shall become immediately due and payable without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived; and

(c) the Bank may exercise any and all rights it has under any of the Loan Documents and proceed to protect and enforce the Bank's rights by any action at law, in equity or other appropriate proceeding as it relates to such Borrower.

5. Set-Off. Upon and during the continuance of a Default or event of default hereunder, each Borrower authorizes the Bank and the Custodian to charge and setoff against any deposit account or other account maintained with either the Bank or the Custodian on behalf of such Borrower and apply the proceeds thereof against repayment of any unpaid Obligations of such Borrower individually, as appropriate. The foregoing shall be in addition to any other rights or remedies the Bank and the Custodian may have against the Borrower following the occurrence of a Default hereunder.

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6. Amendments and Waivers. No waivers shall be effective unless in writing. No right of the Bank shall be exclusive of any other right of the Bank now or hereafter available under the Loan Documents, at law, in equity or otherwise; or by statute or any other provision of law; and no course of dealing or delay by the Bank in exercising any right hereunder shall operate as a waiver thereof or otherwise affect any rights or remedies of the Bank. All amendments hereto must be in writing signed by all parties hereto.

7. Assignments and Participations. A Borrower may not assign or transfer or participate any of its rights under any of the Loan Documents without the prior written consent of the Bank. The Bank may assign, pledge, transfer or participate its rights hereunder to any Federal Reserve Bank or to any other person or entity, provided however that no such person or entity taking a participation interest in the Borrower's Obligations, without the consent of the Borrower not to be unreasonably withheld, shall have any rights with respect to such participation other than for the right to vote on changes in interest, fees, commitment amount, principal payments, and any advance rate described herein.

8. Mergers, Consolidations, and Sales of Assets. A Borrower will not consolidate, merge, or reorganize its assets without the prior consent of the Bank, except that:

(a) a Borrower may sell its assets in the ordinary course of business as described in its Prospectus;

(b) a Borrower may merge, consolidate or reorganize its assets with another Borrower; provided that the Borrower shall provide notice to the Bank of its intention to merge, consolidate or reorganize its assets no later than ten (10) Business Days prior to the date of such merger, consolidation or reorganization, including a revised Appendix I attached hereto which gives effect to such merger, consolidation, or reorganization;

(c) a Borrower may merge, consolidate, or reorganize its assets with another entity (not a party to this Agreement) where the Borrower shall be the surviving entity; provided, however, the Borrower shall provide notice to the Bank of its intention to merge, consolidate, or reorganize its assets no later than ten (10) Business Days prior to the date of such merger, consolidation, or reorganization, and no Default shall exist or result from such merger, consolidation, or reorganization;

(d) a Borrower may merge, consolidate or reorganize its assets with or into any other entity, or otherwise liquidate its assets where the Borrower is not the surviving entity; provided, however (i) the Borrower shall provide notice to the Bank of its intention to merge, consolidate, reorganize or liquidate its assets no later than ten (10) Business Days prior to the date of merger, consolidation, reorganization or liquidation, including a revised Appendix I attached hereto which gives effect to such merger, consolidation, reorganization or liquidation, (ii) all Obligations of the Borrower shall have been paid in full prior to such merger, consolidation, reorganization or liquidation; and (iii) from the effective date of such merger, consolidation, reorganization or liquidation, the Borrower shall no longer be permitted to make a borrowing request hereunder and the Agreement shall be terminated as to such Borrower.

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9. Notices. All notices hereunder shall be in writing and shall be deemed to have been given one Business Day after delivery to overnight courier or when delivered by hand to the address given below and in each case such delivery is confirmed to have been made. Notices to the Bank shall be given to State Street Bank and Trust Company, Lafayette Corporate Center, 2 Avenue de Lafayette, 2nd Floor, Boston, Massachusetts 02111 Attn.: Paul J. Koobatian, Vice President or Mutual Fund Lending Department Head, and notices to the Borrower shall be deemed to have been given if given at the address stated at the beginning of this Agreement, Attention: Thomas B. Winmill, President.

10. Waiver of Jury Trial. Except as prohibited by law, neither the Borrowers nor the Bank, nor any assignee or successor of the Borrowers or the Bank, shall seek a jury trial in any lawsuit, proceeding, counterclaim or any other litigation procedure based upon or arising out of any of the Loan Documents. Neither the Borrowers nor the Bank will seek to consolidate any such action, in which a jury trial has been waived, with any other action in which a jury trial has not been waived. THE PROVISIONS OF THIS SECTION HAVE BEEN FULLY DISCUSSED BY THE PARTIES HERETO, AND THE PROVISIONS HEREOF SHALL BE SUBJECT TO NO EXCEPTIONS. NO PARTY HERETO HAS IN ANY WAY AGREED WITH OR REPRESENTED TO ANY OTHER PARTY THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

11. Jurisdiction. EACH OF THE LOAN DOCUMENTS SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS (EXCLUDING THE LAWS APPLICABLE TO CONFLICTS OR CHOICE OF LAW). EACH BORROWER AGREES THAT ANY SUIT FOR THE ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS MAY BE BROUGHT IN THE COURTS OF THE COMMONWEALTH OF MASSACHUSETTS OR ANY FEDERAL COURT SITTING THEREIN AND CONSENTS TO THE NONEXCLUSIVE JURISDICTION OF SUCH COURT AND THE SERVICE OF PROCESS IN ANY SUCH SUIT BEING MADE UPON SUCH BORROWER BY MAIL AT THE ADDRESS SPECIFIED ABOVE. EACH BORROWER HEREBY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

12. Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original document.

13. Definitions. Except as otherwise defined herein, all financial terms shall be defined in accordance with generally accepted accounting principles. The following defined terms as used herein shall have the following meanings:

"Borrowing Base" shall mean for Loans constituting "purpose credit" or otherwise subject to the requirements of Federal Reserve Board

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Regulation U, the maximum advance rate applicable to the Eligible Collateral so that the Bank remains in compliance with the terms of such Regulation U after giving effect to the making of such Loan, and in all other cases the aggregate of the product of the following advance rates times the current market value of the following types of Eligible Collateral in which the Bank has a valid perfected first security interest and assignment under the Security Agreement, which is held by the Bank and which is subject to no other claims or interests except as permitted hereby:

Advance Rate -----	Collateral Type -----
90%	United States, United Kingdom, German, French, Dutch and Japanese government and government agency securities and commercial paper rated not less favorably than A1 by Standard & Poor's or P1 by Moody's Investor Services.
80%	Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands and Japan, rated not less favorably than BBB- by Standard & Poor's or Baa3 by Moody's Investor Services; all commercial paper rated A2 by Standard & Poor's or P2 by Moody's Investor Services.
75%	Equity securities traded on major United States, United Kingdom, French, German, Dutch, and Japanese exchanges. In the case of Loans used for leverage, the Advance Rate shall be 50% for U.S. equity securities.
65%	Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands and Japan, rated not less favorably than BB (but not BBB- or higher) by Standard & Poor's or Ba2 (but not Baa3 or higher) by Moody's Investor Services.
50%	Bonds issued by entities located in the



United States, United Kingdom, Germany, France, the Netherlands and Japan, rated not less favorably than B (but not BB or higher) by Standard & Poor's or B2 (but not Ba2 or higher) by Moody's Investor Services.

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50% Bonds issued by entities located in any OECD country (other than the United States, United Kingdom, Germany, France, the Netherlands and Japan) rated not less favorably than BBB- by Standard & Poor's or Baa3 by Moody's Investor Services.

50% Equity securities traded on a major exchange in any OECD country (other than the United States, United Kingdom, Germany, France, the Netherlands and Japan).

The Bank's determination as to the eligibility or appropriate collateral type and market value of such Eligible Collateral shall be definitive absent manifest error, and the Bank may change the advance rates as described above upon notice to the Borrower. The Bank will exclude from calculation of the Borrowing Base as Eligible Collateral (i) that portion of the current market value of any single item of collateral, or items of collateral from any single issuer, comprising investment grade bonds or equity securities which exceeds 20% of the aggregate market value of all then Eligible Collateral and (ii) that portion of the current market value of any single item of collateral, or items of collateral from any single issuer, comprising bonds rated below investment grade which exceeds 10% of the aggregate market value of all then Eligible Collateral. The Eligible Collateral will be valued daily at current market value by independent pricing sources mutually acceptable to both the Bank and the Borrower. In the event that the Standard & Poor's and Moody's rating on an item of collateral shall differ, the lower of the two ratings shall be used in determining the applicable Advance Rate.

"Business Day" shall mean any day excluding Saturday and Sunday and excluding any other day which shall be in Boston, Massachusetts a legal holiday or a day on which banking institutions are authorized by law to close.

"Committed Secured Leveraging Facility" shall mean that certain committed secured line of credit facility not to exceed \$9,000,000 made available by the Bank to one or more of the Borrowers pursuant to a loan agreement dated on or near the date hereof.

"Custodian" shall mean State Street Bank and Trust Company.

"Eligible Collateral" shall mean (a) OECD country equities, excluding non-investment grade members, traded on major exchanges with a per share value in excess of US\$8.00 per share, (b) United States, United Kingdom, German, French, Dutch, and Japanese government securities; and (c) bonds and commercial paper rated by Moody's Investor Services and Standard & Poor's.

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"Federal Funds Rate" shall mean for any day, an interest rate per annum (expressed as a decimal, rounded upwards, if necessary, to the next higher 1/100 of 1%) equal to the floating rate of interest quoted by the Bank as its Federal Funds Rate for overnight loans.

"Indebtedness" shall mean all obligations for borrowed money and other extensions of credit to a Borrower and all amounts payable in connection therewith as permitted to be incurred by a registered investment company

pursuant to the Investment Company Act.

"Investment Advisor" shall mean the Borrower's investment advisor appearing opposite such Borrower's name in the Appendix I attached hereto.

"Investment Company Act" means the Investment Company Act of 1940, as amended, together with all related rules and regulations promulgated by the Securities and Exchange Commission relating thereto.

"Loan Documents" shall mean this Agreement, the Note, the Security Agreement, and any other documents executed in connection herewith, as the same may be amended, superseded or replaced.

"Obligations" shall mean any and all obligations of a Borrower to the Bank of every kind and description, direct or indirect, absolute or contingent, primary or secondary, due or to become due, now existing or hereafter arising under the Loan Documents, and including obligations to perform acts and refrain from taking action as well as obligations to pay money.

"Prospectus" shall mean the current Prospectus and Statement of Additional Information in effect as of the date of this Agreement.

14. Amended and Restated Agreement. This Agreement amends and restates in its entirety the Existing Loan Agreement. Any Loans, advances or extensions of credit outstanding under the terms of the Existing Loan Agreement as of the date hereof shall be deemed to be Loans outstanding under the terms of this Agreement. This Agreement, and any documents executed in connection with this Agreement, shall supersede and replace the Existing Loan Agreement and all documents executed in connection therewith.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Midas Family of Funds  
As of July 18, 2003  
Page 15

If the foregoing satisfactorily sets forth the terms and conditions of the Uncommitted Line, please execute and return to the undersigned each of the Loan Documents and such other documents and agreements as the Bank may request. We are pleased to provide the Uncommitted Line to the Borrowers and look forward to the ongoing development of our relationship.

Sincerely,

STATE STREET BANK AND TRUST  
COMPANY

By: \_\_\_\_\_  
Paul J. Koobatian, Vice  
President

Acknowledged and Accepted:

MIDAS FUND, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

MIDAS SPECIAL EQUITIES FUND, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

MIDAS DOLLAR RESERVES, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

Midas Family of Funds  
As of July 18, 2003  
Page 16

STATE STREET BANK AND TRUST COMPANY,  
as Custodian

By: \_\_\_\_\_

Title: \_\_\_\_\_

-2-  
APPENDIX I

Borrower	Investment Adviser
Midas Fund, Inc.	Midas Management Corporation
Midas Special Equities Fund, Inc.	Midas Management Corporation
Midas Dollar Reserves, Inc.	Midas Management Corporation

EXHIBIT A

AMENDED AND RESTATED  
UNCOMMITTED PROMISSORY NOTE

\$ \_\_\_\_\_, 2003  
Boston, Massachusetts

For value received, the undersigned hereby promises to pay to State Street Bank and Trust Company (the "Bank"), or order, at the head office of the Bank at 225 Franklin Street, Boston, Massachusetts 02110 in immediately available United States dollars, the principal amount of \_\_\_\_\_ and no Dollars (\$ \_\_\_\_\_), or such lesser amount as shall not have been prepaid as provided herein. Each loan shall be payable upon the earliest to occur of sixty (60) days after the date on which such loan is made, the date on which the loan becomes due whether following the occurrence of a Default or otherwise as described in the Agreement (as hereinafter defined) or the Expiration Date, as defined in the Agreement. Interest on the unpaid principal amount outstanding hereunder shall be (i) payable at the rates and at the times as set forth in the Agreement and (ii) shall be computed as set forth in the Agreement. All terms not otherwise defined herein shall be used as defined in the Agreement.

All loans hereunder and all payments on account of principal and interest hereof shall be recorded by the Bank. The entries on the records of the Bank (including any appearing on this Note), absent manifest error, shall govern and control as to amounts outstanding hereunder, provided that the failure by the Bank to make any such entry shall not affect the obligation of the undersigned to make payments of principal and interest on all loans as provided herein and in the Agreement.

Following the occurrence of a Default hereunder, unpaid principal on any loan, and to the extent permitted by applicable law, unpaid interest on any loan, shall thereafter bear interest, compounded monthly and payable on demand, until paid in full (after as well as before judgment) at a rate per annum equal to two percent (2.0%) above the rate otherwise applicable to such loan hereunder.

This Note is issued pursuant to, and entitled to the benefits of, and is subject to, the provisions of a certain loan agreement dated \_\_\_\_\_, 2003 by and between the undersigned and the Bank (herein, as the same may from time to time be amended or extended, referred to as the "Agreement"), but neither this reference to the Agreement nor any provision thereof shall affect or impair the absolute and unconditional obligation of the undersigned maker of this Note to pay the principal of and interest on this Note as herein provided.

This Note is secured by all Collateral as defined in the Security Agreement.

The undersigned may at its option prepay all or any part of the principal of this Note in accordance with the terms of the Agreement. Amounts prepaid may be re-borrowed subject to the terms of the Agreement.

Any deposits or other sums at any time credited by or due from the Bank to the undersigned and any securities or other property of the undersigned at any time in the possession of the Bank may at all times be held and treated as collateral for the payment of this Note.

The undersigned maker and every endorser and guarantor hereof hereby waives presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement hereof and consents that this Note may be extended from time to time and that no such extension or other indulgence, and no substitution, release or surrender of collateral and no discharge or release of any other party primarily or secondarily liable hereon, shall discharge or otherwise affect the liability of the undersigned, endorser or guarantor. No delay or omission on the part of the Bank in exercising any right hereunder shall operate as a waiver of such right or of any other right hereunder, and a waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any future occasion.

This Note shall amend and restate in its entirety an amended and restated promissory note in the original principal amount of \$9,000,000 dated as of June 27, 2001 (the "Existing Note"). Any amounts outstanding under the Existing Note shall be deemed to be outstanding under this Note.

This instrument shall have the effect of an instrument executed under seal and shall be governed by and construed in accordance with the laws of The Commonwealth of Massachusetts (without giving effect to any conflicts of laws provisions contained therein).

WITNESS: [BORROWER]

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

SCHEDULE I TO NOTE DATED \_\_\_\_\_, 2003  
 FROM \_\_\_\_\_  
 TO THE BANK

Date of Loan	Amount of Principal	Amount of	Outstanding	Notation
	Principal Paid	Balance	Made By	
-----	-----	-----	-----	-----

EXHIBIT B

UNCOMMITTED CREDIT FACILITY  
 ADVANCE/PAYDOWN REQUEST FORM

DATE: \_\_\_\_\_

TO: STATE STREET BANK AND TRUST COMPANY  
 \_\_\_\_\_

ATTN: Howard Fan - tel. (617) 664-4005 fax (617) 664-3941  
 Monse Velazquez - tel. (617) 664-2145  
 \_\_\_\_\_

FROM: [BORROWER]  
 \_\_\_\_\_  
 FUND # ( \_\_\_\_\_ ) DDA # ( \_\_\_\_\_ )

In connection with the loan agreement dated \_\_\_\_\_, as amended, and all related documents currently in effect with State Street Bank and Trust Company (collectively, the "Agreement"), please increase or reduce the outstanding balance of \$ \_\_\_\_\_ by \$ \_\_\_\_\_ on \_\_\_\_\_ [insert date] \_\_\_\_\_ on behalf of [Borrower]. The Loan should be recorded on the books of the Borrower with the Bank and interest payable to the Bank should be recorded at the agreed upon rate.

This request is (check one): \_\_\_ a Loan \_\_\_ a Paydown \_\_\_ Fed Funds Overnight Rollover (Each request must be greater than or equal to \$10,000, other than a full repayment of all Loans.)

Further, the Borrower hereby represents and warrants that:

1. the proceeds of the Loan shall be used in conformance with the usage specified in the Agreement, and no event of default has occurred thereunder;
2. the Borrower is in compliance with all the terms and conditions in the Agreement and will remain in compliance therewith after giving effect to the making of the requested Loan; and
3. The following amounts and statements are true and correct after giving effect to the requested Loan:
  - (a) Principal balance outstanding to the Borrower under this credit facility (after giving effect to the requested Loan): \$ \_\_\_\_\_
  - (b) Principal balance outstanding to the Borrower under the Committed Secured Leveraging Facility: \$ \_\_\_\_\_

(c) Aggregate Loans outstanding [(a) plus (b)]: \$ \_\_\_\_\_

(d) Total assets of the Borrower (after giving effect to the requested Loan): \$ \_\_\_\_\_

(e) Total liabilities of the Borrower (without giving effect to the requested Loan): \$ \_\_\_\_\_

(f) Value of assets pledged to, or otherwise segregated for the benefit of, a party other than the Bank: \$ \_\_\_\_\_

(g) The amount equal to [(d) minus (e) minus (f) \$ \_\_\_\_\_

(h) 20% of the amount set forth in (g) above: \$ \_\_\_\_\_

(i) The amount set forth on line No. 9 of Annex I to Borrowing Base Certificate dated \_\_\_\_\_ : \$ \_\_\_\_\_

(i) The amount set forth in (a) above does not exceed the lesser of (i) \$9,000,000, (ii) the amount set forth in (h) above, (iii) the amount set forth in (i) above, (iv) the Prospectus limitation for the Borrower, and (v) any other limitation on borrowing imposed upon the Borrower by any other entity as outlined in the Agreement.

(j) The amount set forth in (c) above does not exceed \$18,000,000 in the aggregate for the Borrowers that are also party to the Committed Secured Leveraging Facility.

(k) The aggregate principal balance outstanding to all Borrowers under this credit facility does not exceed \$9,000,000.

4. The undersigned is a duly authorized officer of the Borrower with authority to execute and deliver this document to the Bank and request the Loan described herein on behalf of the Borrower.

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title \_\_\_\_\_  
Date: \_\_\_\_\_

EXHIBIT C  
FORM OF  
BORROWING BASE CERTIFICATE

\_\_\_\_\_, 2003

State Street Bank and Trust Company  
225 Franklin Street  
Boston, MA 02110  
Attn: Howard Fan/Monse Velazquez  
Facsimile: (617) 664-3941

Ladies and Gentlemen:

Reference is hereby made to the loan agreement dated \_\_\_\_\_, 2003 (as amended and in effect from time to time, the "Agreement"), by and among Midas Fund, Inc., Midas Special Equities Fund, Inc., Midas Dollar Reserves,

Inc., and State Street Bank and Trust Company. Capitalized terms used herein and not otherwise defined shall have the meanings as set forth in the Agreement.

This Borrowing Base Certificate is delivered to you pursuant to the terms of the Agreement. The undersigned hereby certifies to you that he/she is an authorized signatory and attached hereto as Annex I is a true and accurate calculation of the Borrowing Base of \_\_\_\_\_ [BORROWER NAME] as at the end of \_\_\_\_\_ [INSERT DATE], determined in accordance with the requirements of the Agreement.

Very truly yours,

-----  
[BORROWER NAME]

By: \_\_\_\_\_

Title: \_\_\_\_\_  
Authorized Signatory

<TABLE>  
<CAPTION>

Annex I  
to Borrowing Base Certificate

As of: \_\_\_\_\_, 2003

	Column I	Column II
	Collateral for Loans under this Agreement	Eligible Collateral (After Applying Advance Rates to Items in Column I)
<S>	<C>	<C>
Types of Collateral		
1. United States, United Kingdom, German, French, Dutch and Japanese government and government agency securities and commercial paper rated not less favorably than A1 by Standard & Poors ("S&P") or P1 by Moody's Investor Services ("Moody's):	\$ _____	\$ _____
Multiplied by 90%:		\$ _____
2. Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands and Japan rated not less favorably than BBB- by S&P or Baa3 by Moody's; all commercial paper rated A2 by S&P or P2 by Moody's:	\$ _____	\$ _____
Multiplied by 80%:		\$ _____
3. Equity securities traded on major stock exchanges in the United Kingdom, Germany, France, the Netherlands and Japan, having a market value equivalent in each instance of not less than \$8 per share:	\$ _____	\$ _____
Multiplied by 75%:		\$ _____
4. Equity securities (including American depository receipts and bonds convertible to equity securities) traded on the NYSE, American stock exchange, NASDAQ or other major stock exchange located in the United States and having a market value of not		

less than \$8 per share: \$ \_\_\_\_\_  
 Multiplied by 75% if the borrowing is not  
 used for leverage: \$ \_\_\_\_\_  
 Multiplied by 50% if the borrowing is used  
 for leverage: \$ \_\_\_\_\_

5. Bonds issued by entities located in the  
 United States, United Kingdom, Germany,  
 France, the Netherlands or Japan rated  
 not less favorably than BB (but not BBB-  
 or higher) by S&P or Ba2 (but not Baa3  
 or higher) by Moody's: \$ \_\_\_\_\_  
 Multiplied by 65%: \$ \_\_\_\_\_

</TABLE>

<TABLE>  
 <CAPTION>

	Column I	Column II
	Collateral for Loans under this Agreement	Eligible Collateral (After Applying Advance Rates to Items in Column I)
<S>	<C>	<C>
	Types of Collateral	
6.	Bonds issued by entities located in the United States, United Kingdom, Germany, France, the Netherlands and Japan, rated not less favorably than B (but not BB or higher) by S&P or B2 (but not Ba2 or higher) by Moody's; Bonds issued by entities located in any OECD country (other than the United States, United Kingdom, Germany, France, the Netherlands and Japan) rated not less favorably than BBB- by S&P or Baa3 by Moody's; and equity securities traded on a major exchange in any OECD country (other than the United States, United Kingdom, Germany, France, the Netherlands and Japan) excluding those countries rated below investment grade by S&P and Moody's and having a market value equivalent in each instance of not less than \$8 per share: Multiplied by 50%:	\$ _____ \$ _____

7. Total Eligible Collateral: \$ \_\_\_\_\_

8. Issuer Diversification Adjustment:  
 (Does not apply to securities that  
 are obligations of the United States  
 government and its instrumentalities):  
 That portion of the value of any single  
 item of investment grade Collateral, or  
 items of investment grade Collateral in  
 Column II from any single issuer, which  
 exceeds 20% of the value of Total Eligible  
 Collateral (No. 7 above); plus that portion  
 of the value of any single item of  
 non-investment grade Collateral, or items of  
 non-investment grade Collateral in Column II  
 from any single issuer, which exceeds 10% of  
 the value of Total Eligible Collateral  
 (No. 7 above): \$ \_\_\_\_\_

9. Eligible Collateral  
 (No. 7 minus No. 8): \$ \_\_\_\_\_

</TABLE>



Footnote:

\* If both Standard and Poor's and Moody's Investor Services provide a rating for the same security, the lower of the two ratings will be used to determine the Advance Rate.

EXHIBIT D

INDEBTEDNESS[To be completed by the Borrower]

EXHIBIT E ENCUMBRANCES  
[To be completed by the Borrower]

EXHIBIT F

LITIGATION

[To be completed by the Borrower]

December 19, 2001

Mr. Thomas B. Winmill  
CEF Advisers, Inc.  
11 Hanover Square, 12th Floor  
New York, NY 10005

Dear Mr. Winmill:

This will confirm our agreement whereby American Stock Transfer & Trust Company will provide the following companies with complete Registrar and stock Transfer Agent services as follows. Please note that our fees cover all services that you require including unlimited transfers, reports and mailings to shareholders. The only additional charges will be reimbursement of out-of-pocket expenses such as postage and stationary. The expense for your 800 telephone number, liquidation of fractional shares, record retention, microfiche, fulfillment of semi and annual report requests, and label production will be absorbed by AST. We guarantee this rate for a period of three years and agree to waive the fee for the first two months of service.

Global Income Fund, Inc.	\$500.00 per month
Bexil Corporation	\$750.00 per month
Tuxis Corporation	\$750.00 per month

If inconsistent, this express understanding regarding corporation governs over the Certificate of Appointment and AST Regulations.

All of the following services are included in our flat monthly fee:

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CERTIFICATES  
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- o Issuing and registering all stock certificates.
- o Issuing stock options shares electronically through the DWAC system.
- o Processing legal transfers and transactions requiring special handling.
- o Requesting opinion from company's counsel for restricted shares.
- o Mailing certificates to shareholders as a result of transfers.
- o Providing e-mail access for the same day issuance for original issuance.
- o Providing daily reports of processed transfers.

Mr. Thomas B. Winmill  
CEF Advisers, Inc.  
Page 2

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ACCOUNT MAINTENANCE  
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- o Maintaining all shareholder accounts.
- o Placing, maintaining and removing stop transfers.
- o Social Security solicitation.
- o Providing a general 800 number for shareholder inquiries.
- o Handling shareholder/broker inquiries, including Internet correspondence.
- o Issuance of audit confirmations to company's auditors.

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ANNUAL SHAREHOLDER MEETING  
-----

- o Soliciting proxy votes for routine meetings.
- o Imprinting shareholders' names on proxy cards.
- o Mailing material to shareholders.
- o Enclosing multiple proxy cards to same household in one envelope.
- o Receiving remote electronic transmissions from ADP/IECA.
- o Transmitting daily proxy tabulation reports to the company via facsimile or telephone.
- o Verifying broker bills.

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## PROXY DISTRIBUTION AND TALLYING

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- o Tabulating proxies.
- o Internet proxy voting (voteproxy.com). AST can be contacted via the Internet at our website: [www.amstock.com](http://www.amstock.com) and can receive e-mail at [info@amstock.com](mailto:info@amstock.com).
- o Preparing final Proxy Tabulation Reports.

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## CASH DISTRIBUTION PAYMENTS

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- o Preparing and mailing checks to shareholders.
- o Inserting all required enclosures.
- o ACH/Direct Deposit services.
- o Issuing replacement checks.
- o Maintaining Postal return items.

Mr. Thomas B. Winmill  
CEF Advisers, Inc.  
Page 3

- o Reconciling checks.
- o Providing check registers to company.

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## DIVIDEND REINVESTMENT PLAN ADMINISTRATION

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- o Opening and maintaining participant accounts.
- o Acknowledging and processing reinvestment, direct debit and optional cash payments.
- o Mailing quarterly dividend reinvestment statements.
- o Corresponding with plan participants.
- o Mailing proceeds to plan participants liquidating or terminating the plan.
- o Mailing year-end tax information to plan participants and the IRS.
- o Providing periodic investment reports to the company.

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## TAX FORMS

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- o Mailing year-end 1099 forms to shareholders.
- o Furnishing year-end 1099 forms to shareholders.
- o Replacing lost 1099 forms to shareholders.
- o Escheatment reports furnished to various state agencies.

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## LISTS AND MAILINGS

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- o Monitoring and suppressing undeliverable mail until correct address is located.
  - o Furnishing unlimited shareholder lists, in any sequence.
  - o Providing geographical detail reports of stocks issued/surrendered for a specific period.
  - o Locate lost shareholders in accordance with SEC regulations.
-

REMOTE ACCESS

American Stock Transfer & Trust Company provides our clients with remote access to shareholder records through a secure connection to our website. You can quickly access any type of shareholder data and print out the various reports you need instantly from your offices. Utilizing this feature will make our services appear as if AST was located in your own offices.

Mr. Thomas B. Winmill  
CEF Advisers, Inc.  
Page 4

If the above meets your approval, kindly sign where indicated and return one copy to us for our records.

Very truly yours,

AMERICAN STOCK TRANSFER  
& TRUST COMPANY

Michael Karfunkel  
President

AGREED TO AND ACCEPTED  
THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2001

BY

GLOBAL INCOME FUND, INC.  
(name of corporation)  
a Maryland corporation  
(state of corporation)

I, the undersigned, Secretary of the above named Corporation, DO HEREBY CERTIFY that:

1. \_\_\_\_\_ The following resolution was duly adopted by the Board of Directors of the Corporation at a meeting thereof duly called and held on \_\_\_\_\_, 20\_\_, at which a quorum was present, the resolution has not been rescinded, and it is still in full force and effect:

WHEREAS, the Corporation is authorized to issue, and it has issued the following capital stock:

Class	Par Value	Number of Shares Authorized	Number of Shares Issued
Capital Stock		2,602,847	

The address of the Corporation to which Notices may be sent is:

11 Hanover Square  
New York, NY 10005

NOW, THEREFORE, IT IS RESOLVED that American Stock Transfer & Trust Company ("AST") is hereby appointed transfer agent and registrar for all said authorized of the Corporation, in accordance with the general practices of AST and its regulations set forth in the pamphlet submitted to this meeting entitled "Regulations of the American Stock Transfer & Trust Company."

2. \_\_\_\_\_ The following are the duly elected and qualified officers of the Corporation, holding the respective offices set opposite their names, and the signatures set opposite their names are their genuine signatures:

NAME	SIGNATURE
Bassett S. Winmill	Chairman _____
Thomas B. Winmill	President _____
Marion E. Morris	Vice-President _____
Heidi Keating	Vice-President _____
William G. Vohrer	Treasurer _____
Anh Nguyen	Assistant Treasurer _____
Monica Pelaez	Secretary _____
John F. Ramirez	Assistant Secretary _____

3. \_\_\_\_\_ The name and address of legal counsel of the Corporation is:

The Law Offices of Stephanie A. Djinis  
1749 Old Meadow Road, Suite 310  
McLean, Virginia 22102

4. \_\_\_\_\_ Attached is a specimen stock certificate for each denomination of capital stock (the "Stock") for which AST has been authorized to act as transfer agent or registrar.

5. \_\_\_\_\_ Attached is a true copy of the certificate of incorporation, as amended, of the Corporation.

6. \_\_\_\_\_ Attached is a true copy of the by-laws, as amended, of the Corporation.

7. \_\_\_\_\_ If any provision of the certificate of incorporation or by-laws of the Corporation, any court or administrative order, or any other document, affects any transfer agency or registrar function or responsibility relating to the shares, attached is a statement of each such provisions.

8. \_\_\_\_\_ All certificates representing Shares which were not issued pursuant to an effective registration statement under the Securities Act of 1933, as amended, bear a legend in substantially the following form:

The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"). The shares may not be sold, transferred or assigned in the absence of an effective registration for these shares under the Act or an opinion of the Corporation's counsel that registration is not required under the Act.

All Shares not so registered were issued or transferred in a transaction or series of transactions exempt from the registration provisions of the Act, and in each such issuance or transfer, the Corporation was so advised by its legal counsel.

9. If any class of the Corporation's securities are registered under the Securities Exchange Act of 1934, as amended, the most recent Form 10-K, proxy statement and annual report to stockholders of the Corporation are attached.

10. The initial term of AST's appointment hereunder shall be one year from the

date hereof and the appointment shall automatically be renewed month to month unless terminated by either party by written notice to the other given not less than thirty (30) days before the end of the initial or any subsequent monthly period. Notwithstanding the foregoing, either party shall be entitled to terminate the appointment forthwith on not less than thirty (30) days notice in the event that the other party commits any breach of its material obligations to such party. On termination of the appointment by AST for failure of the Corporation to pay all amounts due AST, AST shall be entitled to retain all transfer records and related documents until all amounts owing to AST have been paid in full.

11. The Corporation will advise AST promptly of any change in any information contained in, or attached to, this Certificate by a supplemental Certificate or otherwise in writing.

WITNESS my hand and seal of the Corporation this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

Secretary

(corporate seal)

CERTIFICATE OF APPOINTMENT OF  
AMERICAN STOCK TRANSFER  
& TRUST COMPANY

X TRANSFER AGENT

-----

X REGISTRAR

-----

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We consent to the use of our report dated January 17, 2003 on the financial statements and financial highlights of Global Income Fund, Inc. Such financial statements and financial highlights appear in the December 31, 2002 Annual Report to Shareholders which is incorporated by reference in the Statement of Additional Information filed in the Rights Offering of Global Income Fund, Inc.

We also consent to the references to our Firm in the Rights Offering and Prospectus.

TAIT, WELLER & BAKER

Philadelphia, Pennsylvania  
November 24, 2003

CODE OF ETHICS  
Pursuant to Section 17(j) of the  
Investment Company Act of 1940

Bexil Corporation

Foxby Corp.

Global Income Fund, Inc.

Midas Dollar Reserves, Inc.

Midas Fund, Inc.

Midas Special Equities Fund, Inc.

Tuxis Corporation

CEF Advisers, Inc.

Investor Service Center, Inc.

Midas Management Corporation

The object of this Code of Ethics (the "Code") is to provide rules designed to avoid conflicts of interest involving persons associated with the above companies. Conflicts of interest may arise when a person has obligations to more than one person or entity or has a personal interest in a situation which might permit him to show preference or advantage to one person or entity at the expense of another, or to himself at the expense of another. In view of the fiduciary obligations of both the Funds' and their investment advisers' employees, officers and directors, it is important not only to avoid violations of law and regulatory rules, but also to avoid activities or practices which have the appearance of or may give rise to a charge of a violation.

All employees are required to have a working familiarity with this Code. A violation of the Code may result in penalties including censure, suspension or dismissal.

If you have any questions about the applicability of the Code to any particular transaction or account, please contact Monica Pelaez.

A. Definitions.

(1) "Security" shall have the same meaning as set forth in Section 2(a)(36) of the Investment Company Act of 1940, as amended (the "1940 Act"), but shall not include securities issued by the Government of the United States, bankers' acceptances, bank certificates of deposit, commercial paper and shares of

registered open-end investment companies. The 1940 Act definition of "security" is quite broad and includes any option, futures contract, warrant or right to purchase any security.

(2) Persons subject to this Code ("Covered Persons" or individually "Covered Person") shall include:

- (a) all directors and officers of CEF Advisers, Inc., Midas Management Corporation, and the Funds;
- (b) any employee of CEF Advisers, Inc., Midas Management Corporation, or any of the Funds (or of a company in a control relationship with any of the foregoing) (i) who, in connection with his or her regular functions or duties, makes or participates in, or obtains information regarding the purchase or sale of a Security (including the writing of an option to purchase or sell a Security) by a Fund, or (ii) whose functions relate to the making of any recommendation with respect to the purchase or sale of a



Security (including the writing of an option to purchase or sell a Security) by a Fund;

- (c) directors and officers of Investor Service Center, Inc. (i) who, in the ordinary course of business make, participate in, or obtain information regarding the purchase or sale of a Security (including the writing of an option to purchase or sell a Security) by a Fund, or (ii) whose functions or duties in the ordinary course of business relate to the making of any recommendation to a Fund with respect to the purchase or sale of a Security (including the writing of an option to purchase or sell a Security); and
- (d) any natural person in a control relationship with respect to CEF Advisers, Inc. or Midas Management Corporation or any of the Funds who obtains information concerning recommendations made to any Fund with respect to the purchase or sale of a Security (including the writing of an option to purchase or sell a Security).

(3) "Control" shall have the same meaning as that set forth under Section 2(a)(9) of the 1940 Act.

(4) "Beneficial Ownership" for purposes of this Code shall be interpreted in the same manner as it would be in determining whether a person is subject to the provisions of Section 16 of the Securities Exchange Act of 1934 and the rules and regulations thereunder, except that the determination of direct or indirect beneficial ownership shall apply to all Securities which the person has or acquires. Beneficial Ownership is broadly interpreted to include securities in which a Covered Person holds an ownership interest or the power to vote. Examples include securities owned by a Covered Person's spouse or minor children, held in a trust in which a Covered Person is a trustee or beneficiary, owned by a partnership in which a Covered Person is a partner or by a corporation in which a Covered Person is an officer, director or major stockholder.

(5) An "Initial Public Offering" means an offering of securities registered under the Securities Act of 1933, the issuer of which, immediately before the registration, was not subject to the reporting requirements of sections 13 or 15(d) of the Securities Exchange Act of 1934.

(6) A "Limited Offering" means an offering that is exempt from registration under the Securities Act of 1933 pursuant to section 4(2) or section 4(6) or pursuant to rule 504, rule 505, or rule 506 thereunder.

#### B. Prohibited Activities.

(1) No Covered Person shall, in connection with the purchase or sale (including the writing of an option to purchase or sell), directly or indirectly, of any Security by such person (or involving a Security in which such person has a direct or indirect Beneficial Ownership interest) which, within the most recent 15 days is or has been held by any Fund, or is being or has been considered by any Fund or its investment adviser for purchase by such Fund:

- (a) employ any device, scheme or artifice to defraud any Fund;
- (b) make to any Fund any untrue statement of a material fact or omit to state to any Fund a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;
- (c) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any Fund; or
- (d) engage in any manipulative practice with respect to any Fund.

(2) No Covered Person shall purchase or sell, directly or indirectly, any Security if he knows at the time of such purchase or sale that the Security (i) is being considered for purchase or sale by a Fund, (ii) is being purchased or sold by a Fund, or (iii) was purchased or sold by the Fund

within the most recent fifteen days if such Covered Person participated in the recommendation to, or the decision by, the Fund to purchase or sell such Security.

- (3) No Covered Person shall cause or attempt to cause any Fund to purchase, sell or hold any Security in a manner calculated to create any personal benefit to the Covered Person. A Covered Person who participates in any research or investment decision concerning a particular Security must disclose to those persons with authority to make investment decisions for the Fund (or to the Administrator of the Code if the Covered Person is a person with authority to make investment decisions for the Fund), any personal or beneficial interest that the Covered Person has in that Security or any Related Security, or in the issuer thereof, where such decisions could create a material benefit to the Covered Person. The person to whom the Covered Person properly reports such interest, in consultation with the Administrator, shall determine whether or not the Covered Person will be restricted in pursuing the research or recommendation.
- (4) All Covered Persons are expressly prohibited from taking personal advantage of any opportunity properly belonging to any Fund.
- (5) The following persons must obtain approval from the Administrator of this Code, on behalf of the Fund, CEF Advisers, Inc., or Midas Management Corporation, as applicable, before directly or indirectly acquiring beneficial ownership in any securities in an Initial Public Offering or Limited Offering:
  - (a) Any employee of a Fund, CEF Advisers, Inc., or Midas Management Corporation (or of any company in a control relationship with any of the foregoing) who, in connection with his or her regular functions or duties, makes or participates in making recommendations regarding the purchase or sale of securities by a Fund; and
  - (b) Any natural person who controls a Fund, CEF Advisers, Inc., or Midas Management Corporation and who obtains information concerning recommendations made to a Fund regarding the purchase or sale of Securities.

#### C. Confidentiality.

Information about Securities transactions being undertaken or considered for recommendation for a Fund shall be treated as confidential and may not be communicated to other persons who are not involved in the decision-making process.

#### D. Administrator.

The Boards of Directors of the Funds shall from time to time appoint an Administrator of this Code who shall receive and review the report hereinafter described and who shall:

- (1) Identify and inform each Covered Person of the existence of this Code, deliver a copy to such person, and inform such person of their reporting obligations hereunder; and
- (2) Maintain in an easily accessible place at the offices of the Funds a copy of this Code together with copies of all reports made pursuant hereto, a record of any violations hereof and of any action taken as a result of such violations during the prior five years, a list of all Covered Persons during the prior five years, and a record of any decision, and the reasons supporting the decision, to approve the acquisition by a Covered Person of any securities in an initial public offering or a limited offering during the past five years.

#### E. Reporting.

- (1) Upon designation as a Covered Person, such person shall provide to the Administrator of the Code, on or before the tenth day after such person becomes a Covered Person, an initial holdings report with respect to any Security in which the Covered Person had any direct or indirect beneficial ownership when the person became a Covered Person. Any such report shall

include the title, number of shares and principal amount of each Security, the name of any broker, dealer, or bank with whom the Covered Person

maintained an account as of the date the person became a Covered Person and the date that the report is submitted by the Covered Person.

- (2) All Covered Persons shall provide to the Administrator of the Code, on or before the tenth day after the end of each calendar quarter in which the transaction to which the report relates was effected; (1) with respect to any transactions in any Security in which such person has a direct or indirect Beneficial Ownership interest, the date of the transaction, the title, the interest rate and maturity date (if applicable), the number of shares and the principal amount of each Security involved, the nature of the transaction (purchase, sale or any other type of acquisition or disposition), the price at which the transaction was effected, and the name of the broker, dealer or bank with or through whom the transaction was effected and the date the report is submitted by the Covered Person; and (2) with respect to any new account established by such person in which any securities were held during the quarter for the direct or indirect benefit of such person, the name of the broker, dealer or bank with whom the Covered Person established the account, the date the account was established, and the date the report is submitted by the Covered Person. Any such report may contain a statement that the report shall not be construed as an admission by the person that the person making the report that he or she has any direct or indirect Beneficial Ownership in the Security to which the report relates.
- (3) All Covered Persons shall provide on an annual basis to the Administrator of the Code, with respect to any security in which such person has a direct or indirect Beneficial Ownership interest, the title, number of shares and principal amount of each Security involved, the name of any broker, dealer, or bank with whom the Covered Person maintains an account in which any securities are held for the direct or indirect benefit of the Covered Person and the date that the report is submitted by the Covered Person. Such information must be current as of a date no more than thirty days before the report is submitted.
- (4) Notwithstanding the foregoing:
- (a) no Covered Person shall be required to make a report with respect to transactions affected for any account over which such person does not have any direct or indirect influence or control; and
  - (b) if such person is an "independent" director of any of the Funds, and would be required to make a report solely by reason of being a director, such person need not make an initial holdings report or an annual holdings report, and except where such director knew or, in the ordinary course of fulfilling his official duties as a director, should have known that during the fifteen days immediately preceding or after a transaction in a Security by the director, such Security is or was purchased or sold by such Fund or such purchase or sale by such Fund is or was considered by such Fund or its investment adviser, such director shall not be required to make the quarterly transaction report.

#### F. Penalties.

If the Administrator determines that a violation of this Code has occurred, he or she shall report the relevant facts and conclusions to the Board of Directors of any affected Fund(s), and to the Chief Executive Officer of each entity employing the person responsible for the violation. The applicable Board of Directors and Chief Executive Officer shall each have the power to censure, suspend or dismiss such person or require that a trade be reversed.

#### G. Amendments.

Any material changes to this Code must be approved by the Board of Directors, including a majority of independent directors, of each Fund, no later than six months after adoption of such material change. Before approving any such amendment to this Code, the Board of Directors of each Fund must receive a

certification from the Funds, CEF Advisers, Inc., Midas Management Corporation, or Investor Service Center, Inc., that it has adopted procedures reasonably necessary to prevent Covered Persons from violating the Code.