

ISI Funds  
 One Lincoln Street  
 Boston, MA 02111  
 800-882-8585

Dear Shareholder:

The following information concerning the 2011 distributions paid by the ISI Funds may be useful to you in the preparation of your 2011 income tax returns. We suggest that you consult with your tax advisor to determine the applicability of this information to your personal tax situation.

INFORMATION CONCERNING 2011 ORDINARY DIVIDENDS ON FORM 1099-DIV				
IMPORTANT 1099 TAX INFORMATION	TOTAL RETURN U.S. TREASURY FUND	MANAGED MUNICIPAL FUND	NORTH AMERICAN GOVERNMENT BOND FUND	ISI STRATEGY FUND
A. Exempt interest dividends not listed on Form 1099-DIV but reported on Form 1099-INT (as a percent of total income distributions)	-----	99.28%	-----	-----
B. Percentage of Fund's total income distributions received shown as ordinary dividends on Form 1099-DIV and subject to federal income tax	62.63%	0.72%	93.02%	100.00%
C. Percentage of Fund's total income distributions received included on Form 1099-DIV that is considered a non-taxable distribution and is not subject to federal or state income tax.	-----	-----	-----	-----
D. Percentage of Fund's total income distributions received shown as Long-term Capital Gains on Form 1099-DIV and subject to federal income tax	37.37%	-----	6.98%	-----

INFORMATION CONCERNING 2011 PERCENTAGES OF ROW B. ABOVE				
SOURCE OF ORDINARY DIVIDENDS	TOTAL RETURN U.S. TREASURY FUND	MANAGED MUNICIPAL FUND	NORTH AMERICAN GOVERNMENT BOND FUND	ISI STRATEGY FUND
Interest from direct obligations of the U.S. Treasury	66.49%	35.95%	39.87%	11.14%
Interest from Canadian and Mexican obligations	-----	-----	31.11%	-----
Interest from repurchase agreements	0.02%	3.01%	0.02%	0.03%
Interest/Dividend from Other Investments	-----	61.04%	-----	-----
Short Term Capital Gains Distributions	33.49%	-----	29.00%	-----
Domestic Dividend Income	-----	-----	-----	88.83%
Total (Box 1a of Form 1099-DIV)	100.00%	100.00%	100.00%	100.00%
At least 50% of the Fund's assets invested in direct obligations of the U.S. Treasury at the end of each fiscal quarter	Yes	No	Yes	No
Income subject to alternative minimum tax	None	None	None	None

CORPORATE DIVIDENDS RECEIVED DEDUCTION AND QUALIFIED DIVIDEND INCOME TREATMENT OF ROW B. ABOVE				
Percentage of ordinary dividends eligible for corporate dividends received deduction	-----	-----	-----	100.00%
Percentage of ordinary dividends to be treated as qualified dividend income	-----	-----	-----	100.00%

PLEASE SEE BELOW FOR DIVIDEND AND STATE TAX INFORMATION

IMPORTANT INFORMATION – RETAIN FOR TAX PURPOSES

**STATE TAX CONSIDERATIONS  
MANAGED MUNICIPAL FUND**

You may be liable for state and local taxes on some or all of the "exempt interest dividends" paid by the Managed Municipal Fund. If this applies to you, it may be necessary for you to know the total distributions paid by the Fund during the year. Although this number does not appear on your Form 1099-DIV, you will receive a Form 1099-INT reflecting this information.

Listed below on a state-by-state basis is the source of the exempt interest dividends paid by the Managed Municipal Fund during 2011, provided as a percentage of the Fund's total income distributions.

<b>EXEMPT INTEREST DIVIDENDS</b>	
<b>State</b>	<b>Percent</b>
Colorado	2.07%
Delaware	4.45%
Florida	4.59%
Georgia	7.35%
Illinois	2.37%
Kansas	4.83%
Maryland	13.29%
Minnesota	2.67%
Missouri	2.18%
North Carolina	6.52%
Oregon	1.19%
South Carolina	2.75%
Tennessee	6.62%
Texas	13.17%
Utah	4.56%
Virginia	18.41%
Washington	2.98%
Total	100.00%

**TOLL FREE INFORMATION**

If you have any questions regarding the information provided above, please contact a Shareholder Services Representative at 1-800-882-8585 Monday through Friday between 8 a.m. and 6 p.m. Eastern Time.