RESPONSE OF THE OFFICE OF CHIEF COUNSEL
DIVISION OF INVESTMENT MANAGEMENT

July 11, 2008
Our Ref. No. 2008711856
First Trust/Gallatin Specialty Finance and
Financial Opportunities Fund
File No. 811-22039

Your letter dated July 10, 2008 requests our assurance that we would not recommend enforcement action to the Securities and Exchange Commission ("Commission") under section 15(a) of the Investment Company Act of 1940 (the "1940 Act") against First Trust/Gallatin Specialty Finance and Financial Opportunities Fund (the "Fund"), First Trust Advisors L.P. (the "Adviser") or any sub-adviser that succeeds the Fund's current sub-adviser (the "Successor Sub-adviser") if, under the circumstances described below, the Fund and the Adviser enter into an interim sub-advisory agreement with the Successor Sub-adviser that has not been approved by the vote of a majority of the outstanding voting securities of the Fund.

BACKGROUND

You state the following: The Fund, a Massachusetts business trust, is registered as a closed-end investment company under the 1940 Act. The Adviser, an investment adviser registered under the Investment Advisers Act of 1940 ("Advisers Act"), serves as the Fund's investment adviser pursuant to an investment management agreement that authorizes the Adviser to retain a sub-adviser at its own cost to provide advisory services to the Fund. Gallatin Asset Management, Inc. ("Gallatin"), an investment adviser registered under the Advisers Act, currently serves as a sub-adviser to the Fund pursuant to a sub-advisory agreement that was approved by the Fund's shareholders on February 20, 2008 ("Existing Sub-advisory Agreement"). Under its terms, the Existing Sub-advisory Agreement may be terminated by Gallatin upon sixty days written notice to the Fund and the Adviser.

On June 2, 2008, Gallatin notified the Fund and the Adviser of its resignation as sub-adviser to the Fund ("Resignation"). Gallatin indicated that, following personnel changes within its equity team, it had conducted an internal review of its capabilities and resources and determined that it was in the best interests of Fund shareholders and Gallatin to resign. The Resignation will terminate the Existing Sub-advisory Agreement on July 31, 2008 (the "Effective Date"). The Resignation was not foreseen by the Fund or the Adviser. The Fund and the Adviser are currently seeking a Successor Sub-adviser.

ANALYSIS

Section 15(a) of the 1940 Act prohibits a person from serving as an investment adviser to a registered investment company except pursuant to a written contract that has been approved by the vote of a majority of the outstanding voting securities of the

registered investment company.[1] Rule 15a-4 under the 1940 Act provides a temporary exemption from the shareholder approval requirement in section 15(a) in circumstances in which the previous advisory contract was terminated by the board of directors or by the vote of a majority of the outstanding voting securities of the registered investment company, by a failure to renew the previous advisory contract, or by an assignment of the previous advisory contract, as defined in section 2(a)(4) of the 1940 Act ("Rule 15a-4 Events"). Rule 15a-4 permits a person to act as an investment adviser to a registered investment company under an interim advisory agreement that has not been approved by the company's shareholders for a period of 150 days following the date on which the previous contract terminated, subject to the requirements set forth in the rule.[2] Rule 15a-4 was designed to prevent registered investment companies from being harmed by losing investment advisory services before shareholders can approve a new investment advisory contract.[3]

Under section 15(a) of the 1940 Act, an investment advisory agreement with a Successor Sub-adviser ("New Sub-advisory Agreement") will require approval by a majority of the Fund's outstanding voting securities. You state that the termination of the Existing Sub-advisory Agreement due to the Resignation is not a Rule 15a-4 Event and that the Fund, the Adviser and Successor Sub-adviser may not rely on the temporary exemption provided by rule 15a-4, once a Successor Sub-adviser is selected, pending shareholder approval of the New Sub-advisory Agreement.

You state that, to ensure continuity of portfolio management services to the Fund, once a Successor Sub-adviser is selected and pending shareholder approval of the New Sub-advisory Agreement, the Fund and the Adviser would like to enter into an interim sub-advisory agreement with the Successor Sub-adviser without a shareholder vote for a period of 150 days following the Effective Date (the period, "Interim Period," and the sub-advisory agreement, "Interim Sub-advisory Agreement"). You state that, once the Successor Sub-adviser is selected, the Fund, the Adviser and the Successor Sub-adviser will determine whether the particular facts and circumstances of the Resignation and the subsequent hiring of the Successor Sub-adviser involve a situation in which (a) neither Gallatin nor a controlling person of Gallatin directly or indirectly receives any money or other benefit, and which therefore is analogous to a Rule 15a-4(b)(1) Event, or (b) Gallatin or a controlling person of Gallatin directly or indirectly receives money or other benefit and which therefore is analogous to a Rule 15a-4(b)(2) Event. You state that,

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1 15 U.S.C. § 80a-15(a).

2 The requirements of rule 15a-4 differ depending on the particular Rule 15a-4 Event that triggered the termination of the previous advisory agreement. See 17 CFR § 270.15a-4(b)(1) and (b)(2). In particular, rule 15a-4(b)(1) governs situations that include an assignment of the previous advisory contract in connection with which the investment adviser or a controlling person does not directly or indirectly receive money or other benefit ("Rule 15a-4(b)(1) Event"). Rule 15a-4(b)(2) addresses termination of a previous advisory contract by an assignment by an investment adviser or a controlling person of the investment adviser in connection with which assignment the investment adviser or a controlling person directly or indirectly receives money or other benefit ("Rule 15a-4(b)(2) Event").

3 See Temporary Exemption for Certain Investment Advisers, Investment Company Act Release No. 24177 (Nov. 29, 1999) (adopting amendments to rule 15a-4).

based on the determination that is made, the Interim Sub-advisory Agreement will comply with the provisions of rule 15a-4(b)(1) or (b)(2). You also state that a shareholder meeting to approve the New Sub-advisory Agreement will be held during the Interim Period.

You request assurance that we would not recommend enforcement action to the Commission under section 15(a) of the 1940 Act against the Fund, the Adviser or the Successor Sub-adviser if the Successor Sub-adviser serves as investment adviser to the Fund pursuant to an Interim Sub-advisory Agreement that has not been approved by the vote of a majority of the Fund's outstanding voting securities. You state that your request is within the spirit of rule 15a-4. You note that the Resignation was not foreseen by the Fund or the Adviser. You state that, in light of Gallatin's indication that, due to personnel changes, it no longer has the resources to continue to manage the Fund beyond July 31, 2008, the Adviser does not believe it would be feasible or in the best interests of the Fund to have Gallatin continue to act as sub-adviser to the Fund until shareholder approval for the New Sub-advisory Agreement is obtained. You state that the Fund and the Adviser need a reasonable period of time to conduct an appropriate evaluation of candidates to become the Successor Sub-adviser and to negotiate the terms and conditions of a New Sub-advisory Agreement. You further state that a proxy solicitation to submit the New Sub-advisory Agreement for approval by the Fund's shareholders is a complicated and time-consuming task. Under these circumstances, the Adviser and the Fund do not have a sufficient opportunity prior to the Effective Date to obtain shareholder approval of a New Sub-advisory Agreement for the Fund. You state that service by the Successor Sub-adviser under the Interim Sub-advisory Agreement would facilitate the orderly and reasonable consideration of the New Sub-advisory Agreement by the Fund's shareholders while minimizing disruption of the Fund's operations.

Based on the facts and representations set forth in your letter, we would not recommend enforcement action to the Commission under section 15(a) of the 1940 Act against the Fund, the Adviser, or any Successor Sub-adviser if the Fund and the Adviser enter into an Interim Sub-advisory Agreement that has not been approved by the vote of a majority of the outstanding voting securities of the Fund. Because our position is based upon the facts and representations in your letter, any different facts and representations may require a different conclusion.

Stephen Van Meter
Senior Counsel

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July 10, 2008

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Section 15(a) of the
Investment Company
Act of 1940 and
Rule 15a-4
thereunder

Re: First Trust/Gallatin Specialty Finance and Financial Opportunities Fund

Dear Mr. Scheidt and Ms. Roytblat:

On behalf of First Trust/Gallatin Specialty Finance and Financial Opportunities Fund (the *"Fund"*) and First Trust Advisors L.P. (the *"Adviser"*), we are writing to request assurance that the staff of the Division of Investment Management (the *"Staff"*) of the Securities and Exchange Commission (the *"Commission"*) will not recommend that the Commission take any enforcement action under Section 15(a) of the Investment Company Act of 1940, as amended (the *"Act"*), against the Fund, the Adviser or any sub-adviser that succeeds the Fund's current sub-adviser (the *"Successor Sub-adviser"*) if, under the circumstances described in this letter, the Adviser and the Fund enter into an interim investment sub-advisory agreement described below (an *"Interim Sub-advisory Agreement"*) with the Successor Sub-adviser that has not been approved by a vote of a majority of the outstanding voting securities of the Fund.

BACKGROUND

A. THE FUND AND THE ADVISER.

The Fund, a Massachusetts business trust, is registered as a closed-end management investment company under the Act. The Fund seeks to provide a high level of current income and, as a secondary objective, attractive total return. The Fund seeks to achieve its objectives by investing at least 80% of its managed assets[1] in a portfolio of securities of specialty finance and

[1] Managed Assets means the average daily gross asset value of the Fund (including assets attributable to the Fund's preferred shares, if any, and the principal amount of borrowings, if any), minus the sum of the Fund's accrued and unpaid dividends on any outstanding preferred shares and accrued liabilities (other than the principal amount of any borrowings incurred, commercial paper or notes issued by the Fund). For purposes of determining managed assets, the liquidation preference of the preferred shares is not treated as a liability. As of June 18, 2008, the Fund had leverage of $42,100,000 outstanding pursuant to a bank credit facility providing for a line of credit. The total commitment under the credit facility is $120,000,000.

other financial companies that its sub-adviser believes offer attractive opportunities for income and capital appreciation. Under normal market conditions, the Fund concentrates its investments in securities of companies within industries in the financial sector. As of June 24, 2008, the Fund had managed assets in excess of $191.1 million and 14,231,333 common shares outstanding.

The Adviser, a registered investment adviser under the Investment Advisers Act of 1940 (the *"Advisers Act"*), serves as the investment adviser for the Fund pursuant to an investment management agreement (the *"Management Agreement"*) that complies with Section 15 of the Act. The Management Agreement authorizes the Adviser to retain a sub-adviser at its own cost and expense to provide advisory services to the Fund. Pursuant to this authority, on May 24, 2007, in connection with the organization of the Fund, the Adviser entered into a sub-advisory agreement (the *"Original Sub-advisory Agreement"*) with the Fund and Gallatin Asset Management, Inc. (*"Gallatin"*), also a registered investment adviser. At the time it entered into the Original Sub-advisory Agreement, Gallatin was a wholly-owned subsidiary of A.G. Edwards, Inc. (*"A.G. Edwards"*). On May 31, 2007, Wachovia Corporation (*"Wachovia Corp."*) announced that it had reached an agreement in principle with A.G. Edwards under which Wachovia Corp. would acquire A.G. Edwards (the *"Acquisition"*). The Acquisition was completed on October 1, 2007. The consummation of the Acquisition resulted in a change in control of Gallatin, which constituted an "assignment" of the Original Sub-advisory Agreement, as that term is used in the Act. Pursuant to the terms of the Original Sub-advisory Agreement, the agreement automatically terminated upon the assignment. Accordingly, at a meeting held on September 21, 2007, pursuant to Rule 15a-4 under the Act, the Board of Trustees of the Fund (the *"Trustees"*) approved an interim sub-advisory agreement effective October 1, 2007 to ensure the continuation of sub-advisory services and also approved a new sub-advisory agreement to take effect after the interim sub-advisory agreement, subject to shareholder approval (the *"Existing Sub-advisory Agreement"*). On February 20, 2008, the shareholders of the Fund approved the Existing Sub-advisory Agreement. Gallatin was retained under both the Original Sub-advisory Agreement and the Existing Sub-advisory Agreement, subject to the supervision of the Trustees and the Adviser, to act as sub-adviser for, and manage on a discretionary basis the investment and reinvestment of the assets of, the Fund, furnish an investment program in respect of, make investment decisions for, and place all orders for the purchase and sale of securities for the Fund's investment portfolio.

B. TERMINATION OF THE EXISTING SUB-ADVISORY AGREEMENT.

Under the terms of the Existing Sub-advisory Agreement, the Existing Sub-advisory Agreement may be terminated by Gallatin upon sixty (60) days' written notice to the Fund and the Adviser. On June 2, 2008, the Fund and the Adviser received notice from Gallatin of its resignation as sub-adviser to the Fund (the *"Resignation"*). Gallatin indicated that, following personnel changes within its equity team, it had conducted an internal review of its capabilities and resources and determined that it was in the best interests of Fund shareholders and Gallatin to resign. The Resignation will terminate the Existing Sub-advisory Agreement, currently scheduled to occur as of the close of business on July 31, 2008 (the *"Effective Date"*). Upon receiving notice of the Resignation, the Adviser promptly began efforts to identify candidates to be a Successor Sub-adviser for the Fund. Any Successor Sub-adviser selected will be registered

as an investment adviser under the Advisers Act. As of the date of this letter, the Adviser has conducted preliminary discussions with various advisory organizations to serve as the Successor Sub-adviser but has not yet completed the evaluative process to determine which candidate is best suited to conduct the Fund's investment program, nor has the Adviser negotiated the terms and conditions of a new sub-advisory agreement (the *"New Sub-advisory Agreement"*) among the Fund, the Adviser and the Successor Sub-adviser. As described in further detail below, a New Sub-advisory Agreement will require shareholder approval pursuant to Section 15(a) of the Act. Accordingly, once a Successor Sub-adviser is selected, to ensure continuity of portfolio management services pending shareholder approval of a New Sub-advisory Agreement, the Fund and Adviser seek to enter into an Interim Sub-advisory Agreement with the Successor Sub-adviser, subject to the approval of the Trustees. More specifically, the Interim Sub-advisory Agreement will have a duration of not more than 150 days following the Effective Date of the termination of the Existing Sub-advisory Agreement (the *"Interim Period"*). The Interim Sub-advisory Agreement will have substantially similar terms as the Existing Sub-advisory Agreement except for the name of the Successor Sub-adviser and the effective and termination dates. Once the Adviser has identified a Successor Sub-adviser to recommend to the Trustees, the Interim Sub-advisory Agreement will be submitted to the Fund's Trustees, including the Independent Trustees, in accordance with Rule 15a-4, as described in further detail below. Subject to approval of the Fund's Trustees, including a majority of the Independent Trustees, of the Interim Sub-advisory Agreement, the Successor Sub-adviser will provide portfolio management services to the Fund. The compensation that the Successor Sub-adviser will receive under the Interim Sub-advisory Agreement will be no greater than the compensation that Gallatin would have received under the Existing Sub-advisory Agreement.

In addition, the New Sub-advisory Agreement also will be submitted to the Trustees for approval at an in-person meeting. At such meeting, it is anticipated that the Trustees, including a majority of the Independent Trustees, with advice and assistance of independent counsel, will evaluate the terms and conditions of the proposed New Sub-advisory Agreement. If the New Sub-advisory Agreement is approved by the Trustees, including a majority of the Independent Trustees, the Trustees shall also consider calling a special meeting of shareholders of the Fund to consider approval of the New Sub-advisory Agreement as required by Section 15(a) of the Act. Subject to the Trustees' approval, such shareholder meeting shall be held on or before the last day of the Interim Period.

REASONS FOR SEEKING NO-ACTION RELIEF

Section 15(a) of the Act prohibits a person from serving as an investment adviser to a registered investment company except under a written contract that, among other things, has been approved by the vote of a majority of such company's outstanding voting securities.[2] Section 15(a) is designed to give shareholders a voice in a fund's investment advisory contract and to prevent trafficking in fund advisory contracts.[3] The unintended effect of Section 15(a),

[2] 15 U.S.C. § 80a-15(a).

[3] *See* Investment Company Act Release 23325 (July 22, 1998) (the *"1998 Release"*) citing Hearings on S. 3580 Before the Subcomm. of the Senate Comm. on Banking and Currency, 76th Cong., 3d Sess. 253 (1940).

however, is to leave the fund without an investment adviser if the fund's contract with the adviser is terminated before the fund's shareholders can vote on a new contract.[4] To prevent funds from being harmed as a result of the loss of advisory services, the Commission adopted Rule 15a-4 under the Act in 1980, which was subsequently amended. Rule 15a-4 provides a temporary exemption from the shareholder approval requirement of Section 15(a) for a period of up to 150 days after termination of the prior advisory contract, subject to certain conditions. The rule operates to avoid the "serious adverse consequences [that could arise] from the gap" in time between a termination of an investment advisory contract and the date upon which shareholder approval of a new contract is obtained and investment advisory services may be resumed. *See* the release proposing Rule 15a-4 (Investment Company Act Release No. 10809 (Aug. 6, 1979)) (the *"Proposing Release"*).

To rely on Rule 15a-4, various conditions must be met. The specific requirements imposed, however, depend on whether the adviser or its controlling person receives money or other benefits directly or indirectly as a result of the assignment of the advisory contract. Rule 15a-4(b)(1) addresses certain circumstances in which the advisory contract terminates but the adviser or its controlling person(s) have not directly or indirectly received money or other benefits as a result therefrom. Rule 15a-4(b)(2) addresses the circumstance in which the advisory contract is terminated by an assignment in which the investment adviser or its controlling person(s) directly or indirectly received money or another benefit and therefore imposes additional conditions to rely on the rule. More specifically, Rule 15a-4(b) provides that:

> (1) In the case of a previous contract terminated by an event described in Section 15(a)(3) of the Act,[5] by the failure to renew the previous contract, or by an assignment (other than an assignment by an investment adviser or a controlling person of the investment adviser in connection with which assignment the investment adviser or a controlling person directly or indirectly receives money or other benefit) [(hereinafter, a *"Rule 15a-4(b)(1) Event"*)]:
>
> > (i) The compensation to be received under the interim contract is no greater than the compensation the adviser would have received under the previous contract; and
> >
> > (ii) The fund's board of directors, including a majority of the directors who are not interested persons of the fund, has approved the interim contract within 10 business days after the termination, at a meeting in which directors may participate by any means of communication that allows all directors participating to hear each other simultaneously during the meeting.

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[4] *Id.*

[5] Section 15(a)(3) provides that an advisory contract must provide that it may be terminated at any time, without payment of any penalty, by the board of directors of such registered company or by vote of a majority of the outstanding voting securities of such company on not more than 60 days' notice.

(2) In the case of a previous contract terminated by an assignment by an investment adviser or a controlling person of the investment adviser in connection with which assignment the investment adviser or a controlling person directly or indirectly receives money or other benefit [(hereinafter, a *"Rule 15a-4(b)(2) Event"*)]:

(i) The compensation to be received under the interim contract is no greater than the compensation the adviser would have received under the previous contract;

(ii) The board of directors, including a majority of the directors who are not interested persons of the fund, has voted in person to approve the interim contract before the previous contract is terminated;

(iii) The board of directors, including a majority of the directors who are not interested persons of the fund, determines that the scope and quality of services to be provided to the fund under the interim contract will be at least equivalent to the scope and quality of services provided under the previous contract;

(iv) The interim contract provides that the fund's board of directors or a majority of the fund's outstanding voting securities may terminate the contract at any time, without the payment of any penalty, on not more than 10 calendar days' written notice to the investment adviser;

(v) The interim contract contains the same terms and conditions as the previous contract, with the exception of its effective and termination dates, provisions governed by paragraphs (b)(2)(i), (b)(2)(iv), and (b)(2)(vi) of this section, and any other differences in terms and conditions that the board of directors, including a majority of the directors who are not interested persons of the fund, finds to be immaterial;

(vi) The interim contract contains the following provisions:

(A) The compensation earned under the contract will be held in an interest-bearing escrow account with the fund's custodian or a bank;

(B) If a majority of the fund's outstanding voting securities approve a contract with the investment adviser by the end of the 150-day period, the amount in the escrow account (including interest earned) will be paid to the investment adviser; and

(C) If a majority of the fund's outstanding voting securities do not approve a contract with the investment adviser,

the investment adviser will be paid, out of the escrow account, the lesser of:

(1) Any costs incurred in performing the interim contract (plus interest earned on that amount while in escrow); or

(2) The total amount in the escrow account (plus interest earned); and

(vii) The board of directors of the investment company satisfies the fund governance standards defined in Rule 0-1(a)(7).

As the termination of the Existing Sub-advisory Agreement due to the Resignation of Gallatin does not involve a termination by the board or shareholders (as described in Section 15(a)(3)), the failure to renew the agreement or an assignment, the Fund, Adviser and Successor Sub-adviser may not rely on Rule 15a-4. Nonetheless, we believe that the requested relief is within the spirit of Rule 15a-4, does not raise the concerns addressed by Section 15(a) and is in the best interests of the Fund and shareholders. Whether the resignation and subsequent hiring of a Successor Sub-adviser is more analogous to paragraph (b)(1) or paragraph (b)(2) of Rule 15a-4 is dependent on the facts and circumstances, including the particular Successor Sub-adviser selected. Once the Successor Sub-adviser is selected, the Fund, the Adviser and the Successor Sub-adviser will determine whether the particular facts and circumstances of the Resignation and the subsequent hiring of the Successor Sub-adviser involve a situation in which (a) neither Gallatin nor a controlling person of Gallatin directly or indirectly receives any money or other benefit, and which therefore is analogous to a Rule 15a-4(b)(1) Event, or (b) Gallatin or a controlling person of Gallatin directly or indirectly receives money or other benefit and which therefore is analogous to a Rule 15a-4(b)(2) Event. Based on the determination that is made, the Interim Sub-advisory Agreement will comply with the provisions of Rule 15a-4(b)(1) or (b)(2).

In addition for the foregoing, we believe granting the requested relief is in the best interests of the Fund and shareholders. The Fund and the Adviser require a reasonable period of time to conduct an appropriate evaluation of the qualifications and abilities of candidates to become the Successor Sub-adviser for the Fund and, in such capacity, to conduct the investment program of the Fund; to negotiate the terms and conditions of the New Sub-advisory Agreement with the proposed Successor Sub-adviser; and, thereafter, to seek Board approval of the Interim Sub-advisory Agreement and New Sub-advisory Agreement for the Fund after preparing and providing to the Fund's Trustees information reasonably necessary to evaluate the terms and conditions of such agreements with a fair opportunity to review the information provided and, if necessary, to request additional information, all as contemplated by Section 15(c) of the Act. The Adviser and the Fund are using, and will continue to use, all reasonable efforts to accomplish the foregoing steps, which alone generally require several months to complete, in connection with the anticipated replacement of Gallatin by July 31, 2008. Further acceleration of the process could unduly complicate the efforts of the Adviser and the Fund and of the Fund's Trustees to serve the interests of the Fund's shareholders in securing the services of a Successor Sub-adviser. Once the aforementioned steps have been completed, the New Sub-advisory

Agreement will be submitted to the Fund's shareholders for approval. A proxy solicitation of this type is a complicated and time-consuming task. In addition to the evaluation of the New Sub-advisory Agreement required by Section 15(c) of the Act, the task will include the preparation, clearance and mailing of proxy materials, and any solicitation efforts required to obtain the requisite votes. Under the circumstances, the Adviser and the Fund do not have a sufficient opportunity prior to the Effective Date to obtain shareholder approval of the New Sub-advisory Agreement for the Fund. Acceleration of the shareholder approval process to attempt to obtain shareholder approval by the Effective Date, even if possible as a practical matter, would substantially increase the costs of solicitation efforts and potentially result in a greater level of confusion of shareholders (who, as indicated above, only recently approved the Existing Sub-advisory Agreement).

We note the Commission has also recognized the difficulties in securing a new adviser in a short period. More specifically, in the Proposing Release, the Commission noted that a fund board exercising its contractual right, mandated by Section 15(a)(3), to terminate an investment advisory contract on not more than sixty (60) days' notice may not be afforded "sufficient time to seek out and secure services of a successor investment advisory contract satisfactory to them and to obtain the investment company's shareholders' approval of a successor investment advisory contract." The Commission further noted in the Proposing Release that the additional period in Rule 15a-4 effectively would allow investment company directors who wished to terminate the existing investment advisory contract an additional period to complete these tasks. The same difficulties recognized by the Commission are present in the current case with the Resignation of Gallatin. In light of the sixty day notice period triggered by the Resignation of Gallatin, the Trustees will need additional time to diligently complete those same tasks referred to above—namely securing a satisfactory successor sub-advisory contract and obtaining shareholder approval of such contract. We submit that the need for additional time is even greater in the present case where, as indicated above, the termination of the Existing Sub-advisory Agreement was not foreseen by the Fund or the Adviser.

We further believe that the requested relief is necessary as it would provide for the continued conduct of the Fund's investment program during the Interim Period so that the Fund's investment program and the delivery of related services would not be suspended or disrupted with potentially serious adverse consequences to the Fund and its shareholders. In light of Gallatin's indication that due to personnel changes it no longer has the resources to continue to manage the Fund beyond July 31, 2008, the Adviser does not believe that it would be feasible or in the best interests of the Fund to have Gallatin continue to act as sub-adviser to the Fund until shareholder approval for the New Sub-advisory Agreement is obtained. We further believe that the Interim Period would facilitate the orderly and reasonable consideration of the New Sub-advisory Agreement by the Fund's shareholders while minimizing disruption of the Fund's operation.

CONCLUSION

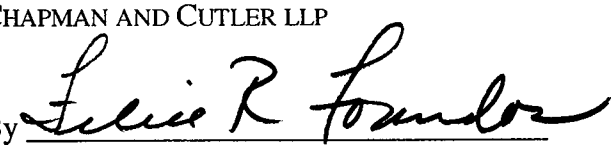
Based on the foregoing, we respectfully request on behalf of the Fund and the Adviser that the Staff advise us that it will not recommend that the Commission take enforcement action under Section 15(a) of the Act against the Fund, the Adviser or the Successor Sub-adviser if the

Successor Sub-adviser serves as investment sub-adviser to the Fund pursuant to the Interim Sub-advisory Agreement as described above without shareholder approval.

Thank you for your consideration of this request. Should you have any questions or require additional information, please call the undersigned at (312) 845-3864 or Suzanne Russell at (312) 845-3446.

Very truly yours,

CHAPMAN AND CUTLER LLP

By 

Felice R. Foundos