

## **2002 Capital Gain Reporting**

***Lower capital gain rates for shareholders in the 15% tax bracket.*** An 8% capital gains tax rate will apply to taxpayers in the 15% tax bracket provided the security was held for more than 5 years prior to its disposition (“Qualified 5-year gain”). Capital gain distributions from mutual funds you invest in may also qualify for this lower rate. If your fund has any qualified 5-year gain, it will be reflected on your 2002 Form 1099-DIV in box 2c. The amount in box 2c must be entered on line 4 of the 2002 Schedule D worksheet found on page D-8 of the 2002 Schedule D instructions.

Please note that Form 1099-DIV, Box 2a, represents the total capital gain distributed to you for the 2002 tax year and boxes 2b, 2c, 2d, and 2e are included in the total shown in Box 2a, “Total capital gain distr.”. If your 2002 Form 1099-DIV does not show an amount in boxes 2b through 2e and your only capital gains are capital gain distributions, you may be able to report the amount in box 2a directly on the “Capital gain or loss” line of Form 1040 rather than on Schedule D. Please refer to the Form 1040 instructions or consult your tax advisor to see if this applies to you.

***Shareholders in tax brackets greater than 15%.*** For the 2002 tax year, capital gains tax rates for qualified 5-year gains do not take effect. You will be able to apply an 18% tax rate beginning with the filing of your 2006 tax returns. This rate will apply to dispositions of securities *acquired after* December 31, 2000 and were held for more than 5 years.

## **Massachusetts Tax Information**

**State Capital Gain** - For the residents of Massachusetts the amount of capital gain distribution that meets the state’s requirements for the different capital gain tax rates is summarized below.

Long-term capital gains on securities sold after April 30, 2002 are taxed at the same rate applied to ordinary income, 5.3%. For securities sold prior to May 1, 2002, the Commonwealth of Massachusetts permits different tax rates for capital gain distributions based on the length of time the security is held. Capital gains attributable to assets held for more than one but not more than two years (Class B) are taxed at 5%; capital gains attributable to assets held for more than two but not more than three years (Class C) are taxed at 4%; capital gains attributable to assets held for three but not more than four years (Class D) are taxed at 3%; capital gains attributable to assets held for four but not more than five years (Class E) are taxed at 2%; capital gains attributable to assets held for more than five years (Class F) are taxed at 1%; and capital gains attributable to assets held more than six years (Class G) are not taxed. Total capital gains distributed to you for the 2002 tax year on Form 1099-DIV, Box 2a includes both capital gains subject to the 5.3% rate and the different tax rates based on the length of time the security is held. To determine the capital gain to include in each category, multiply the amount in Box 2a of Form 1099-DIV by the percentage in the respective time period for the appropriate fund from the chart on the following page.

	Massachusetts						
Fund Name	Ordinary Income	Class B	Class C	Class D	Class E	Class F	Class G
Turner Disciplined Large Cap Growth Fund <sup>1</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Large Cap Growth Opportunities Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Midcap Growth Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Small Cap Growth Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Micro Cap Growth Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Large Cap Value Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Midcap Value Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Small Cap Value Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Small Cap Value Opportunities Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Small Cap Equity Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Technology Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Concentrated Growth Fund <sup>2</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Global Top 40 Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner New Enterprise Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Financial Services Fund <sup>3</sup>	50.55%	0.00%	0.00%	41.68%	6.20%	1.56%	0.00%
Turner New Energy & Power Technology Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Healthcare & Biotechnology Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Tax Managed U.S. Equity Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Strategic Value and High Income Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Core Fixed Income Fund <sup>4</sup>	21.07%	11.81%	51.98%	8.57%	0.00%	6.57%	0.00%
Turner Total Return Fixed Income Fund <sup>5</sup>	92.07%	4.43%	3.50%	0.00%	0.00%	0.00%	0.00%
Turner High Yield Fund <sup>6</sup>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Turner Ultra Short Duration Fixed Income Fund	95.69%	4.23%	0.08%	0.00%	0.00%	0.00%	0.00%
Turner Short Duration Fixed Income Fund	86.80%	11.39%	1.82%	0.00%	0.00%	0.00%	0.00%

<sup>1</sup> Formerly the Turner Select Growth Equity Fund

<sup>2</sup> Formerly the Turner Top 20 Fund

<sup>3</sup> Formerly the Turner Future Financial Service Fund

<sup>4</sup> Formerly the Turner Core Plus Fixed Income Fund

<sup>5</sup> Formerly the Turner Core High Quality Fixed Income Fund

<sup>6</sup> Formerly the Penn Capital Strategic High Yield Bond Fund