Unit Investment Trusts

What are unit investment trusts?

Unit investment trusts are professionally selected portfolios—which may include dozens of securities—designed to meet specific objectives. The securities held generally remain unchanged over the term of the trust.

When should you consider unit investment trusts?

If you are seeking a disciplined, cost-effective strategy with a defined time horizon, consider unit investment trusts.

What are the benefits of unit investment trusts?

Keep your investment objectives on track

- Unit investment trusts are designed to pursue specific investment objectives, such as current income or capital appreciation. They enable you to maintain a consistent approach to investing because the underlying securities remain unchanged over the term of the trust.[1]
- Unit investment trusts are fully invested; in other words, they do not assume large cash positions with the intention of making future investments. Rather, every dollar you invest goes to work for you and remains working until the trust's termination date.
- Many unit investment trusts enable you to automatically reinvest any distributions you receive in additional units. Reinvestment is typically available with no additional charge.
- At the termination of your unit investment trust, you may have the option of reinvesting the proceeds in another unit investment trust offered by the same sponsor. But if you need to redeem your holdings before the termination date, you may do so. You will be required to pay all deferred sales charges. In addition, the amount you receive will depend on the unit investment trust's net asset value (NAV) at the time of redemption and may be more or less than your original investment.
- Unit investment trusts typically have a term of at least 15 months and may qualify for long-term capital gains treatment if held for at least 366 days.
- The minimum investment for unit investment trusts is $1,000.

Gain access to professional selection

- Unit investment trusts offer the benefit of professional selection of securities at a generally lower cost than other professionally managed investments, such as mutual funds. Although they are not actively managed, they are supervised to ensure proper pricing while providing minimal maintenance and transaction fees.
- The unit investment trusts offered by Merrill Lynch are sponsored by well-known third-party providers such as Invesco and First Trust. These investment management organizations select securities for the unit investment trusts they sponsor through proprietary methodologies that include quantitative and qualitative analysis and through partnerships with other portfolio managers or research organizations.

Generate income

Unit investment trusts focusing on income-producing investments often pay distributions on a monthly, quarterly or semiannual basis. The amount of these periodic distributions may vary over the term of the trust.

Diversify your portfolio

Unit investment trusts represent a sound strategy for diversifying your portfolio. At Merrill Lynch, you can choose from unit investment trusts that invest in equities, fixed income securities and closed-end funds. For example, for the equity allocation of your portfolio, you can select unit investment trusts that consist of growth or value stocks. And to obtain further portfolio diversification, you can purchase unit investment trusts that hold securities issued by international as well as domestic companies.

What else should you know about unit investment trusts?

One way to better understand how unit investment trusts work is to compare them with mutual funds and closed-end funds. Here are a few key characteristics:

	Unit investment trusts	Mutual funds	Closed-end funds
Professional selection	Yes	Yes	Yes
Active management	No	Yes	Yes
Fully invested	Yes	No	Yes
Unchanged portfolio[1]	Yes	No	No
Stated maturity	Yes	No	No
Potential Income	Yes	Yes	Yes
Daily liquidity at net asset value	Yes	Yes	No

The above table is a summary of the differences and similarities among unit investment trusts, mutual funds and closed-end funds. It is not a complete list of features. Depending on your individual objectives, any of these investment vehicles may be appropriate.

Investing in unit investment trusts involves many of the same risks as investing in the stocks, bonds or other securities held in the unit investment trust. Depending on the performance of these securities, the value of your unit investment trust may be more or less than your original investment at termination. For income-oriented investments, there is no assurance that the same level of income will be available over the term of the trust.

For more complete information on any unit investment trust, please request a prospectus from your Financial Advisor. Before investing, consider the investment objectives, risks, and charges and expenses of the unit investment trust. This and other information can be found in the trust's prospectus. Read the prospectus carefully before investing.

How can you get started?

If you're seeking a defined investment strategy, ask your Merrill Lynch Financial Advisor about unit investment trusts. Your Financial Advisor can help you develop customized strategies that fit your needs, goals, risk tolerance, investment time frame and liquidity requirements. To learn more about other Merrill Lynch services, visit wealthmanagement.ml.com.

Investing in securities involves risk. There is always the potential of losing money when you invest in securities.

Diversification does not ensure a profit or guarantee against loss.

[1] In most cases, unit investment trusts offer unchanged portfolios. Only extraordinary circumstances warrant the sale of securities.

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