

SALOMON BROTHERS CAPITAL & INCOME FUND INC
Form DEFA14A
September 27, 2005

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement.
- Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**
- Definitive Proxy Statement.
- Definitive Additional Materials.
- Soliciting Material Pursuant to sec. 240.14a-12.

Smith Barney Allocation Series Inc.
Smith Barney Multiple Discipline Trust
Smith Barney Institutional Cash Management Fund Inc.
Smith Barney Aggressive Growth Fund Inc.
Smith Barney Investment Funds Inc.
Smith Barney Equity Funds
Smith Barney Muni Funds
Intermediate Muni Fund Inc.
Smith Barney Municipal Money Market Fund Inc.
High Income Opportunity Fund Inc.
Smith Barney Funds, Inc.
Smith Barney Income Funds
Smith Barney Small Cap Core Fund, Inc.
Smith Barney Money Funds, Inc.
Smith Barney Fundamental Value Fund Inc.

Zenix Income Fund Inc.
Managed High Income Portfolio Inc.
Smith Barney Investment Series
Smith Barney Trust II
Salomon Funds Trust
Variable Annuity Portfolios
CitiFunds Premium Trust
CitiFunds Institutional Trust
CitiFunds Trust I
CitiFunds Trust III
Salomon Brothers Capital Fund Inc
Salomon Brothers Investors Value Fund Inc
Salomon Brothers Opportunity Fund Inc
Salomon Brothers Series Funds Inc
Salomon Brothers Variable Series Funds Inc

Greenwich Street Series Fund
Smith Barney Managed Municipals Fund Inc.
Smith Barney California Municipals Fund Inc.
Smith Barney New Jersey Municipals Fund Inc.
Smith Barney Oregon Municipals Fund
Smith Barney Arizona Municipals Fund Inc.
Smith Barney Core Plus Bond Fund Inc.
Smith Barney Sector Series Inc.
Smith Barney Massachusetts Municipals Fund
Smith Barney Investment Trust
Smith Barney Appreciation Fund Inc.
Smith Barney World Funds, Inc.
Travelers Series Fund Inc.
SB Adjustable Rate Income Fund
Managed Municipals Portfolio Inc.

Salomon Brothers Institutional Series Funds Inc
The Salomon Brothers Fund Inc
Salomon Brothers Capital and Income Fund Inc.
Salomon Brothers Emerging Markets Debt Fund Inc.
Salomon Brothers Emerging Markets Income Fund Inc.
Salomon Brothers Emerging Markets Income Fund II Inc.
Salomon Brothers Emerging Markets Floating Rate Fund Inc.
Salomon Brothers Global High Income Fund Inc.
Salomon Brothers Global Partners Income Fund Inc.
Salomon Brothers High Income Fund Inc
Salomon Brothers High Income Fund II Inc
Salomon Brothers Inflation Management Fund Inc.
Salomon Brothers Municipal Partners Fund Inc.
Salomon Brothers Municipal Partners Fund II Inc.
Salomon Brothers 2008 Worldwide Dollar Government

Municipal High Income Fund Inc.
Citigroup Investments Corporate Loan Fund Inc.
Real Estate Income Fund Inc.

Term Trust Inc
Salomon Brothers Variable Rate Strategic Fund Inc.
Salomon Brothers Worldwide Income Fund Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment Of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

**Citigroup Asset Management
Advised Investment Companies**

**ISS Presentation Relating to
Transaction with Legg Mason**

September 27, 2005

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Overview **Items for Shareholder Approval**

Proposal 1: To Approve a New Management Agreement

- All Funds in Fund Complex (Appendix A)

Proposal 2: To Approve a New Subadvisory Agreement

- Certain Funds (Appendix B)

Proposal 3: To Elect Board Members

- All Open-End Funds (Appendix C)

The Proposed Transaction

Sale of substantially all of Citigroup's asset management business, Citigroup Asset Management (CAM), to Legg Mason in exchange for the broker-dealer and investment banking business of Legg Mason, shares of common and preferred stock of Legg Mason and a loan

Several conditions to the sale, including:

Obtaining certain required regulatory approvals

Consent of certain advisory clients of CAM representing no less than 75% of the revenue attributable to the assets under management for such clients to continue their advisory relationship with CAM

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The Proposed Transaction Advisory Agreements

Sale will cause the Funds' current investment advisory and subadvisory agreements to terminate as a matter of law

Shareholder approval is needed to assure continuity of investment advisory services after the completion of the transaction

Total fees for advisory and administrative services will remain the same under the new management agreements and new subadvisory agreements

The Proposed Transaction About Legg Mason

The combination will create the world's largest money manager in the U.S. with assets under management of over \$830 billion

Legg Mason becomes a singularly focused, more profitable and certainly more influential organization within the global asset management community¹

Legg Mason becomes the 5th largest manager of mutual funds in the United States¹

Legg Mason's equity fund platform gains a number of large-cap growth and large-cap core funds and well regarded managers to complement Legg Mason's existing strength across value, blend and small-cap asset classes

Western Asset becomes the #1 pure manager of fixed income in the world, with approximately \$490 billion of assets under management and broad capabilities in all major fixed income asset types and currencies

¹ Source: *Pensions & Investments*, The Top Money Managers, May 30, 2005.

The Proposed Transaction About Legg Mason Cont d

Salomon Brothers Asset Management, Smith Barney Fund Management LLC and TIMCO, the Funds advisers, will become part of a pure play asset management organization

Percent of assets beating the Lipper Category Average (U.S. open- and closed-end funds):

<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>10-Year</u>
71%	88%	95%	98%

Source: Lipper Analytical New Applications v. 4.0 Does not include money market funds

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Approval of New Management and Subadvisory Agreements

No increase in the aggregate advisory and administrative fees

Advisers will continue to provide the same level of advisory and administrative services to the Funds

New standardized investment management agreement for the fund complex combining advisory and administrative services

Advisers will be owned by Legg Mason with its reputation for asset management excellence

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Board Considerations in Approving New Agreements

Among other things, the Board Members considered the following when approving the New Management Agreements and New Subadvisory Agreements:

The reputation, financial strength and resources of Legg Mason and its investment advisory subsidiaries (including Western Asset);

There is not expected to be any diminution in the nature, quality and extent of services provided to the Funds and their shareholders by the Advisers, including compliance services

The potential benefits to Fund shareholders from being part of a combined fund family with Legg Mason-sponsored funds, including possible economies of scale and access to investment opportunities

The fact that each Fund's total advisory and administrative fees will not increase by virtue of the New Management Agreements, but will remain the same

Board Considerations in Approving New Agreements

Assurances from Citigroup and Legg Mason that, for a three year period following the closing of the Transaction, the Advisers will have substantially the same access to the Citigroup sales force when distributing shares of the Funds

The Funds would not bear the costs of obtaining shareholder approval of the New Management Agreements

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Election of Directors

Open end mutual funds only

Experienced Directors

Closed-end funds elect directors at regularly scheduled annual meetings

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Corporate Governance

Independence of Board All Boards have only one interested Director. All other Directors are independent.

Each Fund has an Independent Audit Committee & Nominating/Governance Committee

Independent Directors meet regularly in executive sessions with counsel to the Independent Directors

Independent Directors separately reviewed and unanimously approved the new management and subadvisory agreements

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Dissident Proxy Fights Closed End Funds

Dissident Objectives

Side-show issue: Dissidents are focusing on issue that lacks relevance to purpose of Special Meeting

Asking shareholders to vote against long-term interests of shareholders and approval of new management agreement

Opportunistic proxy fights centered on discounts

Focusing on the interests of short-term shareholders only

Closed-end Funds frequently trade at a discount, these funds are not unique

Taking advantage of need for shareholder approval to reap short-term windfall for minority group

Dissident Proxy Fights Closed End Funds

Board Objectives

Focused on the interests of *all* shareholders

The Boards review and evaluate issues surrounding discounts at least quarterly :

Reviewed various solutions to the discount problem

Instituted share repurchase plans for some funds (SBF, SCD)

DRIP Plans repurchase shares at certain levels

Believe that closed-end fund structure is beneficial to shareholders

Dissident Proxy Fights on Certain Closed-End Funds

Karpus Management Inc. d/b/a Karpus Investment Management

Salomon Brothers Municipal Partners Fund

Salomon Brothers Municipal Partners Fund II

Salomon Brothers Inflation Management Fund

Salomon Brothers Capital and Income Fund

Real Estate Income Fund

Elliott Associates, L.P. and Elliott International, L.P.

The Salomon Brothers Fund

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Salomon Brothers Municipal Partners Fund

Inception Date	January 29, 1993			
Ticker	MNP			
Investment Objective	High level of current income which is exempt from regular federal income taxes, consistent with the preservation of capital			
Portfolio Content	Substantially all of its assets in a diversified portfolio of long-term tax-exempt securities that are rated investment grade			
Net Assets as of 8/22/05	\$127,172,866			
Average Annualized Total Return	1yr	3yr	5yr	10yr
NAV (8/31/05)	5.37%	6.12%	7.69%	7.13%
Market Price (8/31/05)	12.20%	8.41%	10.20%	9.06%
Lehman Muni Bond Index	5.31%	5.17%	6.37%	6.20%
Discount	Discount on 9/22/05: -6.09%			
	Discount range for year ended 8/31/05: -14.31% to -6.05%			

¹ Source: Lipper Analytical Services.

Past results are not necessarily indicative of future performance of the fund. Investment return will fluctuate.

Salomon Brothers Municipal Partners Fund II

Inception Date	July 29, 1993			
Ticker	MPT			
Investment Objective	High level of current income which is exempt from regular federal income taxes, consistent with the preservation of capital			
Portfolio Content	Substantially all of its assets in a diversified portfolio of long-term tax-exempt securities that are rated investment grade			
Net Assets as of 8/22/05	\$133,551,476			
Average Annualized Total Return	1yr	3yr	5yr	10yr
NAV (8/31/05)	5.01%	5.90%	7.72%	7.73%
Market Price (8/31/05)	10.33%	7.56%	9.86%	9.13%
Lehman Muni Bond Index	5.31%	5.17%	6.37%	6.20%
Discount	Discount on 9/22/05: -8.57%			
	Discount range for year ended 8/31/05: -14.33% to -5.89%			

¹ Source: Lipper Analytical Services.

Past results are not necessarily indicative of future performance of the fund. Investment return will fluctuate.

Salomon Brothers Inflation Management Fund

Inception Date	May 25, 2004	
Ticker	IMF	
Investment Objectives	Total Return Current Income	
Portfolio Content	At least 80% of its managed assets in inflation-protected securities issued by U.S. and non-U.S. governments, their agencies or instrumentalities and corporations that are structured to provide protection against inflation, and certain other fixed income securities that the Adviser believes will provide protection against inflation	
Net Assets as of 8/22/05	\$185,981,783	
Average Annualized Total Return	1yr	Since Inception
NAV (8/31/05)	6.27%	7.81%
Market Price (8/31/05)	1.50%	-3.49%
Lehman US TIIPS	5.67%	N/A%
Discount	Discount on 9/22/05: -9.91%	
	Discount range for year ended 8/31/05: -9.95% to -1.59%	

¹ Source: Lipper Analytical Services.

Past results are not necessarily indicative of future performance of the fund. Investment return will fluctuate.

Salomon Brothers Capital and Income Fund

Inception Date	February 24, 2004	
Ticker	SCD	
Investment Objectives	Total Return with an emphasis on income	
Portfolio Content	At least 80% of its managed assets in a broad range of equity and fixed income securities of both U.S. and foreign issuers	
Net Assets as of 8/31/05	\$659,525,406	
Average Annualized Total Return	1yr	Since Inception
NAV (8/31/05)	18.46%	10.65%
Market Price (8/31/05)	11.09%	-1.10%
S&P 500	12.55%	6.55%
Discount	Discount on 9/22/05: -11.70%	
	Discount range for year ended 8/31/05: -14.83% to -4.61%	

¹ Source: Lipper Analytical Services.

Past results are not necessarily indicative of future performance of the fund. Investment return will fluctuate.

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Real Estate Income Fund

Inception Date	July 31, 2002		
Ticker	RIT		
Investment Objectives	High Current Income Capital Appreciation		
Portfolio Content	At least 90% of its total assets in income-producing common shares, preferred shares, convertible preferred shares and debt securities issued by Real Estate Companies At least 80% of its total assets in income-producing equity securities issued by REITs		
Net Assets as of 8/31/05	\$329,296,087		
Average Annualized Total Return	1yr	3yr	Since Inception
NAV (8/31/05)	20.36%	23.56%	23.66%
Market Price (8/31/05)	16.13%	18.28%	17.75%
Lipper Sector Equity Funds Average (NAV)	21.04%	15.25%	14.82%
Lipper Sector Equity Funds Average (Market Value)	18.52%	17.63%	18.41%
Discount	Discount on 9/22/05: -10.82%		
	Discount range for year ended 8/31/05: -16.01% to -6.73%		

¹ Source: Lipper Analytical Services.

Past results are not necessarily indicative of future performance of the fund. Investment return will fluctuate.

The Salomon Brothers Fund

Inception Date	1929			
Ticker	SBF			
Investment Objectives	Growth and conservation of capital Income			
Portfolio Contents	Common stocks or securities convertible into common stocks of companies in industries the Adviser believes have the potential to grow at a faster rate than the economy as a whole and that appear to have above-average earnings growth potential.			
Net Assets as of 8/22/05	\$1,525,833,990			
Average Annualized Total Return	1yr	3yr	5yr	10yr
NAV (8/31/05)	10.99%	12.04%	-2.14%	10.10%
Market Price (8/31/05)	20.26%	14.45%	-2.16%	12.21%
S&P 500	12.55%	12.02%	-2.71%	9.85%
Discount	Discount on 9/22/05: -8.26%			
	Discount range for year ended 8/31/05: -15.23% to -8.30%			

¹ Source: Lipper Analytical Services.

Past results are not necessarily indicative of future performance of the fund. Investment return will fluctuate.

Appendix A

All Funds in Complex Approving a New Management Agreement

Smith Barney Allocation Series Inc.

Balanced Portfolio

Conservative Portfolio

Growth Portfolio

High Growth Portfolio

Income Portfolio

Select Balanced Portfolio

Select Growth Portfolio

Select High Growth Portfolio

Smith Barney Multiple Discipline Trust

Multiple Discipline Portfolio All Cap Growth and Value

Multiple Discipline Portfolio Balanced All Cap Growth and Value

Multiple Discipline Portfolio Global All Cap Growth and Value

Multiple Discipline Portfolio Large Cap Growth and Value

Smith Barney Institutional Cash Management Fund Inc.

Cash Portfolio

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Government Portfolio

Municipal Portfolio

Smith Barney Aggressive Growth Fund Inc.

Smith Barney Investment Funds Inc.

Smith Barney Government Securities Fund

Smith Barney Hansberger Global Value Fund

Smith Barney Investment Grade Bond Fund

Smith Barney Multiple Discipline Funds All Cap and International Fund

Smith Barney Multiple Discipline Funds All Cap Growth and Value Fund

Smith Barney Multiple Discipline Funds Balanced All Cap Growth and Value Fund

Smith Barney Multiple Discipline Funds Global All Cap Growth and Value Fund

Smith Barney Multiple Discipline Funds Large Cap Growth and Value Fund

Smith Barney Real Return Strategy Fund

Smith Barney Small Cap Growth Fund

Smith Barney Small Cap Value Fund

Smith Barney Equity Funds

Smith Barney Social Awareness Fund

Smith Barney Muni Funds

Smith Barney California Money Market Portfolio

Smith Barney Florida Portfolio

Smith Barney Georgia Portfolio

Smith Barney Limited Term Portfolio

Smith Barney Massachusetts Money Market Portfolio

Smith Barney National Portfolio

Smith Barney New York Money Market Portfolio

Smith Barney New York Portfolio

Smith Barney Pennsylvania Portfolio

Intermediate Muni Fund Inc.

Smith Barney Municipal Money Market Fund Inc.

High Income Opportunity Fund Inc.

Smith Barney Funds, Inc.

Smith Barney Large Cap Value Fund

Smith Barney Short-Term Investment Grade Bond Fund

Smith Barney U.S. Government Securities Fund

Smith Barney Income Funds

SB Capital and Income Fund

SB Convertible Fund

Smith Barney Diversified Strategic Income Fund

Smith Barney Dividend and Income Fund

Smith Barney Exchange Reserve Fund

Smith Barney High Income Fund

Smith Barney Municipal High Income Fund

Smith Barney Total Return Bond Fund

Smith Barney Small Cap Core Fund, Inc.

Appendix A - Continued

Smith Barney Money Funds, Inc.

Cash Portfolio

Government Portfolio

Smith Barney Fundamental Value Fund Inc.

Greenwich Street Series Fund

Appreciation Portfolio

Capital and Income Portfolio

Diversified Strategic Income Portfolio

Equity Index Portfolio

Fundamental Value Portfolio

Intermediate High Grade Portfolio

Salomon Brothers Variable Aggressive Growth Fund

Salomon Brothers Variable Growth & Income Fund

Smith Barney Managed Municipals Fund Inc.

Smith Barney California Municipals Fund Inc.

Smith Barney New Jersey Municipals Fund Inc.

Smith Barney Oregon Municipals Fund

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Smith Barney Arizona Municipals Fund Inc.

Smith Barney Core Plus Bond Fund Inc.

Smith Barney Sector Series Inc.

Smith Barney Financial Services Fund

Smith Barney Health Sciences Fund

Smith Barney Technology Fund

Smith Barney Massachusetts Municipals Fund

Smith Barney Investment Trust

Smith Barney Classic Values Fund

Smith Barney Intermediate Maturity California Municipals Fund

Smith Barney Intermediate Maturity New York Municipals Fund

Smith Barney Large Capitalization Growth Fund

Smith Barney Mid Cap Core Fund

Smith Barney S&P 500 Index Fund

Smith Barney Appreciation Fund Inc.

Smith Barney World Funds, Inc.

Smith Barney Inflation Management Fund

Smith Barney International All Cap Growth Portfolio

Travelers Series Fund Inc.

SB Adjustable Rate Income Portfolio

Smith Barney Aggressive Growth Portfolio

Smith Barney High Income Portfolio

Smith Barney International All Cap Growth Portfolio

Smith Barney Large Cap Value Portfolio

Smith Barney Large Capitalization Growth Portfolio

Smith Barney Mid Cap Core Portfolio

Smith Barney Money Market Portfolio

Social Awareness Stock Portfolio

SB Adjustable Rate Income Fund

Managed Municipals Portfolio Inc.

Municipal High Income Fund Inc.

Citigroup Investments Corporate Loan Fund Inc.

Real Estate Income Fund Inc.

Zenix Income Fund Inc.

Managed High Income Portfolio Inc.

Smith Barney Investment Series

SB Government Portfolio

SB Growth and Income Fund

Smith Barney Dividend Strategy Fund

Smith Barney Dividend Strategy Portfolio

Smith Barney Growth and Income Portfolio

Smith Barney International Fund

Smith Barney Premier Selections All Cap Growth Portfolio

Smith Barney Trust II

Smith Barney Capital Preservation Fund

Smith Barney Capital Preservation Fund II

Smith Barney Diversified Large Cap Growth Fund

Smith Barney International Large Cap Fund

Smith Barney Short Duration Municipal Income Fund

Smith Barney Small Cap Growth Opportunities Fund

Appendix A - Continued

Salomon Funds Trust

Salomon Brothers California Tax Free Bond Fund

Salomon Brothers Mid Cap Fund

Salomon Brothers National Tax Free Bond Fund

Salomon Brothers New York Tax Free Bond Fund

Variable Annuity Portfolios

Smith Barney Small Cap Growth Opportunities Portfolio

CitiFunds Premium Trust

Citi Premium Liquid Reserves

Citi Premium U.S. Treasury Reserves

CitiFunds Institutional Trust

Citi Institutional Cash Reserves

Citi Institutional Enhanced Income Fund

Citi Institutional Liquid Reserves

Citi Institutional Tax Free Reserves

Citi Institutional U.S. Treasury Reserves

CitiFunds Trust I

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Smith Barney Emerging Markets Equity Fund

CitiFunds Trust III

Citi California Tax Free Reserves

Citi Cash Reserves

Citi Connecticut Tax Free Reserves

Citi New York Tax Free Reserves

Citi Tax Free Reserves

Citi U.S. Treasury Reserves

Salomon Brothers Capital Fund Inc

Salomon Brothers Investors Value Fund Inc

Salomon Brothers Opportunity Fund Inc

Salomon Brothers Series Funds Inc

Salomon Brothers All Cap Value Fund

Salomon Brothers Balanced Fund

Salomon Brothers Cash Management Fund

Salomon Brothers High Yield Bond Fund

Salomon Brothers Institutional Money Market Fund

Salomon Brothers Large Cap Growth Fund

Salomon Brothers New York Municipal Money Market Fund

Salomon Brothers Short/Intermediate U.S. Government Fund

Salomon Brothers Small Cap Growth Fund

Salomon Brothers Strategic Bond Fund

Salomon Brothers Variable Series Funds Inc

Salomon Brothers Variable All Cap Fund

Salomon Brothers Variable High Yield Bond Fund

Salomon Brothers Variable Investors Fund

Salomon Brothers Variable Large Cap Growth Fund

Salomon Brothers Variable Small Cap Growth Fund

Salomon Brothers Variable Strategic Bond Fund

Salomon Brothers Variable Total Return Fund

Salomon Brothers Institutional Series Funds Inc

Salomon Brothers Institutional Emerging Markets Debt Fund

Salomon Brothers Institutional High Yield Bond Fund

Appendix A - Continued

The Salomon Brothers Fund Inc

Salomon Brothers Capital and Income Fund Inc.

Salomon Brothers Emerging Markets Debt Fund Inc.

Salomon Brothers Emerging Markets Floating Rate Fund Inc.

Salomon Brothers Emerging Markets Income Fund Inc.

Salomon Brothers Emerging Markets Income Fund II Inc.

Salomon Brothers Global High Income Fund Inc.

Salomon Brothers Global Partners Income Fund Inc.

Salomon Brothers High Income Fund Inc

Salomon Brothers High Income Fund II Inc

Salomon Brothers Inflation Management Fund Inc.

Salomon Brothers Municipal Partners Fund Inc.

Salomon Brothers Municipal Partners Fund II Inc.

Salomon Brothers 2008 Worldwide Dollar Government Term Trust Inc

Salomon Brothers Variable Rate Strategic Fund Inc.

Salomon Brothers Worldwide Income Fund Inc.

Appendix B

Funds Approving a New Subadvisory Agreement with an Affiliated Subadviser

SB Convertible Fund

SB Capital and Income Fund

Citigroup Investments Corporate Loan Fund Inc.

Greenwich Street Series Diversified Strategic Income Portfolio

Smith Barney Diversified Strategic Income Fund

Smith Barney Financial Services Fund

Smith Barney Health Sciences Fund

Smith Barney Technology Fund

Smith Barney International Fund

Smith Barney International Large Cap Fund

Smith Barney Emerging Markets Equity Fund

Smith Barney Core Plus Bond Fund Inc.

Salomon Brothers Series Funds Inc Salomon Brothers Strategic Bond Fund

Salomon Brothers Variable Series Funds Inc Variable Strategic Bond Fund

Salomon Brothers Global High Income Fund Inc.

Salomon Brothers Variable Rate Strategic Fund Inc.

Smith Barney Real Return Strategy Fund

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Appendix B - Continued

Funds Approving a New Sub-Advisory Agreement with a Third-Party Subadviser

Smith Barney Hansberger Global Value Fund

Smith Barney Classic Values Fund

Real Estate Income Fund Inc.

Smith Barney Multiple Discipline Funds All Cap and International Fund

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Appendix C

All Open End Funds Electing Directors

Smith Barney Allocation Series Inc.

Smith Barney Multiple Discipline Trust

Smith Barney Institutional Cash Management Fund Inc.

Smith Barney Aggressive Growth Fund Inc.

Smith Barney Investment Funds Inc.

Smith Barney Equity Funds

Smith Barney Muni Funds

Smith Barney Municipal Money Market Fund Inc.

Smith Barney Funds, Inc.

Smith Barney Income Funds

Smith Barney Small Cap Core Fund, Inc.

Smith Barney Money Funds, Inc.

Smith Barney Fundamental Value Fund Inc.

Greenwich Street Series Fund

Smith Barney Managed Municipals Fund Inc.

Smith Barney California Municipals Fund Inc.

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Smith Barney New Jersey Municipals Fund Inc.

Smith Barney Oregon Municipals Fund

Smith Barney Arizona Municipals Fund Inc.

Smith Barney Core Plus Bond Fund Inc.

Smith Barney Sector Series Inc.

Smith Barney Massachusetts Municipals Fund

Smith Barney Investment Trust

Smith Barney Appreciation Fund Inc.

Smith Barney World Funds, Inc.
Travelers Series Fund Inc.

SB Adjustable Rate Income Fund

Smith Barney Investment Series

Smith Barney Trust II

Salomon Funds Trust

Variable Annuity Portfolios

CitiFunds Premium Trust

CitiFunds Institutional Trust

CitiFunds Trust I

CitiFunds Trust III

Salomon Brothers Capital Fund Inc

Salomon Brothers Investors Value Fund Inc

Salomon Brothers Opportunity Fund Inc

Salomon Brothers Series Funds Inc

Salomon Brothers Variable Series Funds Inc

Salomon Brothers Institutional Series Funds Inc

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Important Notes

Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering, and once issued, shares of closed-end funds are sold in the open market through a stock exchange. Shares of closed-end funds frequently trade at a discount to net asset value. The price of a closed-end fund's shares is determined by a number of factors, several of which are beyond the control of the fund. Therefore, the funds cannot predict whether their shares will trade at, below or above net asset value.

Past performance does not guarantee or predict future performance. The funds described in this presentation are not appropriate for everyone. An interested party must make his or her own independent legal, tax, accounting and financial evaluation of their merits and risks.

Fund shares are not FDIC-insured and are not deposits or other obligations of, or guaranteed by, any bank. Fund shares involve investment risk, including possible loss of principal.

This presentation is provided for informational purposes only and is not intended for trading purposes. The information provided in this presentation is neither financial advice nor a recommendation, offer or solicitation of a fund, and Citigroup Asset Management makes no representation concerning its accuracy, completeness or fairness. We assume no responsibility to advise the recipients of this document with regard to changes in our views. All opinions in this presentation, reflect our judgment on the date of this report and are subject to change without notice.

The Funds have mailed definitive proxy statements to their shareholders in connection with a 2005 Special Meeting. Investors of the Funds are urged to read the proxy statement as it contains important information about the Funds. Investors and shareholders may obtain a free copy of the proxy statements at the SEC's website at www.sec.gov.