WESTERN ASSET EMERGING MARKETS FLOATING RATE FUND INC.
Form N-CSRS
November 08, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-8338

Western Asset Emerging Markets Floating Rate Fund Inc.
(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY	10004
(Address of principal executive offices)	(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

300 First Stamford Place, 4th Floor

Stamford, CT 06902
(Name and address of agent for service)

Registrant s telephone number, including area code: (800) 451-2010

Date of fiscal year end: February 28

Date of reporting period: August 31, 2007

ITEM 1. REPORT TO STOCKHOLDERS.

The Semi-Annual Report to Stockholders is filed herewith.

Western Asset
Emerging Markets
Floating Rate Fund Inc.
(EFL)

SEMI-ANNUAL
REPORT

AUGUST 31, 2007

Western Asset
Emerging Markets
Floating Rate Fund Inc.

Semi-Annual Report August 31, 2007

What s Inside

Fund Objective

The Fund seeks to maintain a high level of current income by investing at least 80% of its net assets plus any borrowings for investment purposes in floating rate debt securities of emerging market sovereign and corporate issuers, including fixed-rate securities with respect to which the Fund has entered into interest rate swaps to effectively convert the fixed-rate interest payments received into floating-rate interest payments. As a secondary objective, the Fund seeks capital appreciation.

Letter from the Chairman

Dear Shareholder,

The U.S. economy produced mixed results during the six-month reporting period ended August 31, 2007. U.S. gross domestic product (GDP[i]) expanded 2.1% in the fourth quarter of 2006. In the first quarter of 2007, GDP growth was a mere 0.6%, according to the U.S. Commerce Department. This is the lowest growth rate since the fourth quarter of 2002. The economy then rebounded, as second quarter 2007 GDP growth was a solid 3.8%. Given the modest increase earlier in the year, this higher growth rate was not unexpected.

R. JAY GERKEN, CFA
Chairman, President and
Chief Executive Officer

Abrupt tightening in the credit markets and economic strains late in the fiscal year prompted action by the Federal Reserve Board (Fed[ii]). The Fed initially responded by lowering the discount rate the rate the Fed uses for loans it makes directly to banks from 6.25% to 5.75% in mid-August 2007. Then, at its meeting on September 18, 2007, after the close of the reporting period, the Fed reduced the federal funds rate[iii] from 5.25% to 4.75% and the discount rate to 5.25%. This marked the first reduction in the federal funds rate since June 2003. In its statement accompanying the September 2007 meeting, the Fed stated: Economic growth was moderate during the first half of the year, but the tightening of credit conditions has the potential to intensify the housing correction and to restrain economic growth more generally. Today s action is intended to help forestall some of the adverse effects on the broader economy that might otherwise arise from the disruptions in financial markets and to promote moderate growth over time.

During the six-month reporting period, both short- and long-term Treasury yields experienced periods of significant volatility. After falling during the first three months of 2007, yields then moved steadily higher during much of the second quarter. This was due, in part, to inflationary fears, a solid job market and expectations that the Fed would not be cutting short-term rates in the foreseeable future. During the remainder of the reporting period, the U.S. fixed-income markets were extremely volatile, which negatively impacted market liquidity conditions. Initially, the concern on the part of market participants was limited to the subprime segment of the mortgage-backed market. These concerns broadened, however, to include a wide range of financial institutions and markets. As a result, other fixed-income instruments also experienced increased price volatility. This turmoil triggered a significant flight to quality, causing Treasury yields to move sharply lower (and their prices higher), while riskier segments of the market saw their yields move higher (and their prices lower). Overall, during the six months ended August 31, 2007, two-year Treasury yields moved from 4.65% to 4.15%. Over the same period, 10-year Treasury yields fell from 4.56% to 4.54%. Looking at the six-month period as a whole, the overall bond market, as measured by the Lehman Brothers U.S. Aggregate Index[iv], returned 1.54%.

As a result of the dramatic flight to quality late in the reporting period, the high-yield bond market generated negative results over the six-month period ended August 31, 2007. During that time, the Citigroup High Yield Market Index[v] returned -1.79%. While the high-yield market was initially aided by strong corporate profits and low default rates, this was not enough to overcome its weakness late in the period.

As a result of the dramatic flight to quality late in the reporting period, emerging markets debt generated negative results, as the JPMorgan Emerging Markets Bond Index Global (EMBI Global[vi]) returned -0.16% during the reporting period. While emerging market debt prices initially rose due to solid demand, an expanding global economy and strong domestic spending, this was not enough to overcome its weakness late in the period.

Performance Review

For the six months ended August 31, 2007, Western Asset Emerging Markets Floating Rate Fund Inc. returned -0.72%

based on its net asset value (NAV[vii]) and -5.31% based on its New York Stock Exchange (NYSE) market price per share. In comparison, the Fund s unmanaged benchmark, the EMBI Global, returned -0.16% for the same time frame. The Lipper Emerging Markets Debt Closed-End Funds Category Average[viii] increased 0.02% over the same time period. Please note that Lipper performance returns are based on each fund s NAV per share.

During this six-month period, the Fund made distributions to shareholders totaling $0.57 per share. The performance table shows the Fund s six-month total return based on its NAV and market price as of August 31, 2007. **Past performance is no guarantee of future results.**

Performance Snapshot as of August 31, 2007 (unaudited)

Price Per Share	Six-Month Total Return
$13.53 (NAV)	-0.72%
$12.35 (Market Price)	-5.31%

All figures represent past performance and are not a guarantee of future results.

Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions, including returns of capital, if any, in additional shares.

Special Shareholder Notices

On May 17, 2007, the Board of Directors of Western Asset Emerging Markets Floating Rate Fund Inc. approved changes to the non-fundamental investment policies relating to the Fund s ability to invest in non-U.S. dollar denominated debt and the Fund s definition of emerging market country . Effective June 1, 2007, the Fund may invest up to 50% of its total assets in non-U.S. dollar denominated securities. Prior to June 1, 2007, the Fund could not invest in them at all. This change is intended to provide Legg Mason Partners Fund Advisor, LLC (LMPFA), the Fund s investment manager, and Western Asset Management Company (Western Asset), the Fund s subadviser, greater flexibility in making investment decisions and to serve as an important risk management tool to guard against a U.S. dollar that has declined and may continue to do so in the future.

In addition, effective June 1, 2007, the Fund changed its definition of emerging market country to include any country which is, at the time of investment, represented in the EMBI Global or categorized by the International Bank for Reconstruction and Development (World Bank), in its annual categorization, as middle-or low-income. Under the Fund s previous investment policy, the Fund defined an emerging market country as: any country which is considered to be an emerging country by the World Bank at the time of the Fund s investment. The countries that will not be considered emerging market countries include: Australia; Austria; Belgium; Canada; Denmark; Finland; France; Germany; Ireland; Italy; Japan; Luxembourg; the Netherlands; New Zealand; Norway; Spain; Sweden; Switzerland; the United Kingdom; and the United States. This revision to the definition of emerging market country is intended to allow LMPFA and Western Asset greater flexibility and opportunity to achieve the Fund s investment objectives and make the range of countries available for investment by the Fund consistent with the countries represented in its current benchmark.

On August 15, 2007, the Board of Directors of the Fund approved changes to the Fund s non-fundamental investment policies relating to limits on the credit ratings of the securities and the types of securities in which the Fund may invest.

Effective September 17, 2007, the Fund is no longer subject to restrictions on the credit ratings of the securities in which it may invest. The Fund was previously limited to investing in debt securities rated at the time of investment in the categories Ba or B by Moody s Investors Service, or BB or B by Standard & Poor s Corporation or, if not rated, of comparable quality as determined by the Fund s investment manager.

In addition, the Fund now has the ability to invest up to 20% of its total assets in a broad range of U.S. and non-U.S. fixed-income securities, including, but not limited to: corporate bonds, loans, mortgage- and asset-backed securities, preferred stock and sovereign debt, derivative instruments of the foregoing securities and dollar rolls. Such securities may be rated high yield (i.e., rated below investment grade by any nationally recognized statistical rating organization or, if unrated, of equivalent quality as determined by the manager). Under normal circumstances, the Fund will invest in securities of issuers located in at least four countries. Previously, the Fund was not permitted to invest in dollar rolls, mortgage-backed securities, asset-backed securities or securities of U.S. issuers with investment grade ratings.

These changes to the Fund s non-fundamental investment policies are intended to broaden the investment opportunities of the Fund and to allow the Fund to invest a greater percentage of its assets in securities, particularly emerging market debt securities, that are rated investment grade.

It is important to note that these changes are expected to provide the portfolio managers with additional flexibility to meet the Fund s investment objectives and address developments in the market, but there is no expectation that dramatic changes in the Fund s portfolio composition or investment approach will result.

On August 15, 2007, pursuant to management s recommendation, the Fund s Board of Directors approved the adoption of a managed distribution policy. This policy allows the Fund to make multiple distributions of long-term capital gains in a given year and to revise its distribution strategy from one centered predominately on current net investment income generated by the Fund s holdings to one that encompasses a combination of net investment income and potential short-term and long-term capital gains.

In conjunction with the adoption of a managed distribution policy, the Fund also announced a new monthly distribution level effective with its September 2007 distribution. The new level of distribution will be $0.0850 per month, an increase of $0.01 per month (or 13.3%) over the Fund s current distribution rate of $0.0750 per month. In declaring the new rate, the Fund cited its existing accumulated long-term capital gains that, under the terms of its new managed distribution policy, are available to increase the Fund s monthly distribution rate. The Fund also considered its current level of income, unrealized capital gains, and the investment manager s outlook for emerging market debt.

Information About Your Fund

Important information with regard to recent regulatory developments that may affect the Fund is contained in the Notes to Financial Statements included in this report.

Looking for Additional Information?

The Fund is traded under the symbol EFL and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XEFLX on most financial websites. *Barron s* and *The Wall Street Journal s* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as www.leggmason.com/InvestorServices.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Time, for the Fund s current net asset value, market price and other information.

As always, thank you for your confidence in our stewardship of your assets. We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA
Chairman, President and Chief Executive Officer

September 28, 2007

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

RISKS: The Fund may invest in high-yield and foreign securities, including emerging markets, which involve risks beyond those inherent in higher-rated and domestic investments. Investing in foreign securities is subject to certain risks typically not associated with domestic investing, such as currency fluctuations, and changes in political and economic conditions. These risks are magnified in emerging or developing markets. Derivatives, such as options or futures, can be illiquid and harder to value, especially in declining markets. A small investment in certain derivatives may have a potentially large impact on the Fund s performance.

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.

ii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.

iii The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

iv The Lehman Brothers U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.

v The Citigroup High Yield Market Index is a broad-based unmanaged index of high-yield securities.

vi The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds, and local market instruments. Countries covered are Algeria, Argentina, Brazil, Bulgaria, Chile, China, Colombia, Cote d Ivoire, Croatia, Ecuador, Greece, Hungary, Lebanon, Malaysia, Mexico, Morocco, Nigeria, Panama, Peru, the Philippines, Poland, Russia, South Africa, South Korea, Thailand, Turkey and Venezuela.

vii NAV is calculated by subtracting total liabilities from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is at the Fund s market price as determined by supply of and demand for the Fund s shares.

viii Lipper, Inc. is a major independent mutual-fund tracking organization. Returns are based on the six-month period ended August 31, 2007, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 11 funds in the Fund s Lipper category.

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Fund at a Glance (unaudited)

Investment Breakdown

As a Percent of Total Investments

Schedule of Investments (August 31, 2007) (unaudited)

WESTERN ASSET EMERGING MARKETS FLOATING RATE FUND INC.

Face Amount	Security		Value
SOVEREIGN BONDS 54.8%			
Argentina 4.1%			
	Republic of Argentina:		
1,174,000	Bonds, Series VII, 7.000% due 9/12/13	$	969,920
1,625,341	Discount Notes, 8.280% due 12/31/33		1,405,919
	Total Argentina		2,375,839
Brazil 9.9%			
	Federative Republic of Brazil:		
3,895,000	11.000% due 8/17/40 (a)		5,151,137
591,398	MYDFA, 6.143% due 9/15/07 (b)(c)		594,355
	Total Brazil		5,745,492
Colombia 4.7%			
	Republic of Colombia:		
1,500,000	8.910% due 3/17/13 (b)(c)		1,650,000
1,010,000	7.330% due 11/16/15 (b)		1,047,875
	Total Colombia		2,697,875
Ecuador 1.3%			
865,000	Republic of Ecuador, 10.000% due 8/15/30 (c)		762,714
Indonesia 2.8%			
	Republic of Indonesia:		
3,745,000,000IDR	Series FR40, 11.000% due 9/15/25		424,826
3,057,000,000IDR	Series FR42, 10.250% due 7/15/27		326,345
4,774,000,000IDR	Series FR43, 10.250% due 7/15/22		514,817
3,610,000,000IDR	Series FR45, 9.750% due 5/15/37		365,052
	Total Indonesia		1,631,040
Mexico 12.5%			
	United Mexican States, Medium-Term Notes, Series A,		
7,200,000	6.060% due 1/13/09 (b)		7,232,400
Panama 3.1%			
	Republic of Panama:		
1,038,000	7.250% due 3/15/15		1,111,957
647,000	6.700% due 1/26/36		643,765
	Total Panama		1,755,722
Peru 0.3%			
186,000	Republic of Peru, Bonds, 6.550% due 3/14/37		185,721

See Notes to Financial Statements.

Schedule of Investments (August 31, 2007) (unaudited) (continued)

Face Amount	Security		Value
Russia 4.4%			
	Russian Federation:		
1,950,054	8.250% due 3/31/10 (c)	$	2,015,868
462,675	7.500% due 3/31/30 (c)		514,148
	Total Russia		2,530,016
Turkey 6.1%			
	Republic of Turkey:		
560,000	11.875% due 1/15/30		855,400
2,860,000	Notes, 6.875% due 3/17/36		2,691,975
	Total Turkey		3,547,375
Uruguay 1.0%			
550,134	Oriental Republic of Uruguay, Bonds, 7.625% due 3/21/36		577,641
Venezuela 4.6%			
	Bolivarian Republic of Venezuela:		
2,780,000	Collective Action Securities, 6.360% due 4/20/11 (b)(c)		2,571,500
90,442	DCB, Series DL, 6.313% due 12/18/07 (b)		90,555
	Total Venezuela		2,662,055
	TOTAL SOVEREIGN BONDS (Cost $31,438,893)		**31,703,890**
CORPORATE BONDS & NOTES 39.6%			
Brazil 4.5%			
410,000	Globo Communicacoes e Participacoes SA, Bonds, 7.250% due 4/26/22 (c)		385,400
	Vale Overseas Ltd., Notes:		
471,000	8.250% due 1/17/34		554,885
1,612,000	6.875% due 11/21/36		1,640,371
	Total Brazil		2,580,656
Germany 4.0%			
2,000,000	Morgan Stanley Bank AG for OAO Gazprom, Loan Participation Notes, 9.625% due 3/1/13 (c)		2,301,000
India 0.2%			
114,000	ICICI Bank Ltd., Subordinated Bonds, 6.375% due 4/30/22 (b)(c)		107,013
Kazakhstan 4.0%			
330,000	ATF Capital BV, Senior Notes, 9.250% due 2/21/14 (c)		330,825
310,000	HSBK Europe BV, 7.250% due 5/3/17 (c)		282,798
	TuranAlem Finance BV, Bonds:		
1,520,000	6.735% due 1/22/09 (b)(c)		1,461,100
310,000	8.250% due 1/22/37 (c)		265,825
	Total Kazakhstan		2,340,548

See Notes to Financial Statements.

Schedule of Investments (August 31, 2007) (unaudited) (continued)

Face Amount	Security	Value
Mexico 12.7%		
	Axtel SAB de CV:	
10,000	7.625% due 2/1/17 (c)	$ 9,700
280,000	Senior Notes, 7.625% due 2/1/17 (c)	271,600
100,000	Grupo Transportacion Ferroviaria Mexicana SA de CV, Senior Notes, 9.375% due 5/1/12	104,000
	Pemex Project Funding Master Trust:	
910,000	6.660% due 6/15/10 (b)(c)	926,835
527,000	6.660% due 6/15/10 (a)(b)(c)	537,277
	Senior Notes:	
3,379,000	5.960% due 12/3/12 (a)(b)(c)	3,378,155
2,110,000	5.960% due 12/3/12 (a)(b)(c)	2,109,472
	Total Mexico	7,337,039
Russia 5.0%		
150,000	Gazprom, Loan Participation Notes, Senior Notes, 6.510% due 3/7/22 (c)	145,350
150,000	LUKOIL International Finance BV, 6.356% due 6/7/17 (c)	141,000
490,000	TNK-BP Finance SA, 7.500% due 7/18/16 (c)	485,100
140,000	UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes, 8.250% due 5/23/16 (c)	141,050
2,000,000	VTB Capital SA for Vneshtorgbank, Loan Participation Notes, 5.956% due 8/1/08 (b)(c)	1,992,600
	Total Russia	2,905,100
Thailand 0.9%		
550,000	True Move Co., Ltd., 10.750% due 12/16/13 (c)	552,750
United Kingdom 4.0%		
2,306,683	HSBC Bank PLC, 7.000% due 11/1/11 (a)	2,307,375
United States 1.1%		
610,000	Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17	651,175
Venezuela 3.2%		
1,869,000	Petrozuata Finance Inc., 8.220% due 4/1/17 (c)	1,850,310
	TOTAL CORPORATE BONDS & NOTES (Cost $23,206,789)	**22,932,966**

See Notes to Financial Statements.

Schedule of Investments (August 31, 2007) (unaudited) (continued)

Face Amount	Security		Value
LOAN PARTICIPATIONS 0.2%			
United States 0.2%			
17,403	Ashmore Energy International, Synthetic Revolving Credit Facility (Credit Suisse), 8.260% due 3/30/12 (b)(d)	$	16,881
132,597	Ashmore Energy International, Term Loan (Credit Suisse), 8.360% due 3/30/14 (b)(d)		128,619
	TOTAL LOAN PARTICIPATIONS (Cost $149,644)		**145,500**
	TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS (Cost $54,795,326)		**54,782,356**
SHORT-TERM INVESTMENTS 5.4%			
Sovereign Bonds 4.0%			
14,200,000 EGP	Egypt Treasury Bills, Series 364, zero coupon bond to yield 8.290% due 8/26/08 (Cost $2,317,097)		2,321,397
U.S. Government Agency 0.4%			
245,000	Federal National Mortgage Association (FNMA), Discount Notes, 5.111% - 5.203% due 3/17/08 (e)(f) (Cost $238,264)		238,836
Repurchase Agreement 1.0%			
547,000	Morgan Stanley tri-party repurchase agreement dated 8/31/07, 5.200% due 9/4/07; Proceeds at maturity $547,316; (Fully collateralized by U.S. government agency obligation, 0.000% due 10/31/07; Market value $560,311) (a) (Cost $547,000)		547,000
	TOTAL SHORT-TERM INVESTMENTS (Cost $3,102,361)		**3,107,233**
	TOTAL INVESTMENTS 100.0% (Cost $57,897,687#)	$	**57,889,589**

Face amount denominated in U.S. dollars, unless otherwise noted.

(a) All or a portion of this security is segregated for swap contracts and open futures contracts.

(b) Variable rate security. Interest rate disclosed is that which is in effect at August 31, 2007.

(c) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.

(d) Participation interest was acquired through the financial institution indicated parenthetically.

(e) Rate shown represents yield-to-maturity.

(f) All or a portion of this security is held at the broker as collateral for open futures contracts.

Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

DCB	Debt Conversion Bond
EGP	Egyptian Pound
IDR	Indonesian Rupiah

MYDFA	Multi-Year Depository Facility Agreement
OJSC	Open Joint Stock Company

See Notes to Financial Statements.

Statement of Assets and Liabilities (August 31, 2007) (unaudited)

ASSETS:		
Investments, at value (Cost $57,897,687)	$	57,889,589
Foreign currency, at value (Cost $43,670)		42,123
Cash		937
Interest receivable		955,342
Interest receivable for open swap contracts		272,421
Unrealized appreciation on swaps		79,630
Receivable from broker variation margin on open futures contracts		46,625
Prepaid expenses		8,688
Total Assets		**59,295,355**
LIABILITIES:		
Unrealized depreciation on swaps		624,143
Interest payable for open swap contracts		278,972
Investment management fee payable		52,193
Directors fees payable		2,866
Accrued expenses		98,917
Total Liabilities		**1,057,091**
Total Net Assets	**$**	**58,238,264**
NET ASSETS:		
Par value ($0.001 par value; 4,305,295 shares issued and outstanding; 100,000,000 shares authorized)	$	4,305
Paid-in capital in excess of par value		57,152,265
Undistributed net investment income		1,237,319
Accumulated net realized gain on investments, futures contracts, swap contracts and foreign currency transactions		520,248
Net unrealized depreciation on investments, futures contracts, swap contracts and foreign currencies		(675,873)
Total Net Assets	**$**	**58,238,264**
Shares Outstanding		**4,305,295**
Net Asset Value		**$13.53**

See Notes to Financial Statements.

Statement of Operations (For the six months ended August 31, 2007) (unaudited)

INVESTMENT INCOME:		
Interest	$	2,133,298
Less: Foreign taxes withheld		(647)
Total Investment Income		**2,132,651**
EXPENSES:		
Investment management fee (Note 2)		321,597
Audit and tax		28,598
Shareholder reports		27,036
Directors fees		21,131
Legal fees		14,836
Stock exchange listing fees		12,562
Transfer agent fees		12,162
Custody fees		3,904
Commitment fee (Note 4)		3,577
Insurance		571
Miscellaneous expenses		9,392
Total Expenses		**455,366**
Less: Fee waivers and/or expense reimbursements (Note 2)		(2,388)
Net Expenses		**452,978**
Net Investment Income		**1,679,673**
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS (NOTES 1 AND 3):		
Net Realized Gain (Loss) From:		
Investment transactions		805,569
Futures contracts		(57,906)
Swap contracts		(50,981)
Foreign currency transactions		(2,436)
Net Realized Gain		**694,246**
Change in Net Unrealized Appreciation/Depreciation From:		
Investments		(2,730,992)
Futures contracts		(76,089)
Swap contracts		40,652
Foreign currencies		(2,629)
Change in Net Unrealized Appreciation/Depreciation		**(2,769,058)**
Net Loss on Investments, Futures Contracts, Swap Contracts and Foreign Currency Transactions		**(2,074,812)**
Decrease in Net Assets From Operations	**$**	**(395,139)**

See Notes to Financial Statements.

Statements of Changes in Net Assets

For the six months ended August 31, 2007 (unaudited)
and the year ended February 28, 2007

	August 31	February 28
OPERATIONS:		
Net investment income	$ 1,679,673	$ 3,371,749
Net realized gain	694,246	3,637,694
Change in net unrealized appreciation/depreciation	(2,769,058)	(3,478,635