



MANAGERS CALIFORNIA INTERMEDIATE TAX-FREE FUND



Overall Morningstar Rating™ is derived from a weighted average of the Fund's 3-, 5-, and 10-year average annual risk-adjusted returns, as applicable, among the 81 Muni California Interm/Short funds, as of 06/30/08.

INVESTOR'S GUIDE • JUNE 30, 2008

FUND DESCRIPTION

The Managers California Intermediate Tax-Free Fund seeks double tax-free income for California residents by investing in intermediate-term California municipal bonds.

THE MANAGERS DIFFERENCE

At Managers Investment Group, we prefer to contract with carefully selected investment managers, or "subadvisors," to manage our mutual funds. We believe that this approach best enables us to offer our investors access to investment managers who have already proven themselves in various market conditions, often by serving the most sophisticated and demanding institutional investors. Fund highlights include:

- **Experienced portfolio manager.** Mathew Kiselak of Evergreen Investment Management Company, LLC has over 19 years of investment experience and is a Director and Senior Portfolio Manager of Evergreen's Tax Exempt Fixed Income Unit.
- **Risk-averse strategy.** The Fund invests primarily in intermediate-term municipal bonds. To help control risk, the manager pays close attention to interest rate trends, shortening the duration of the portfolio when rates are rising, and lengthening duration when rates decline.
- **Double tax-free income.** For residents of California, income from this Fund is normally free from both state and federal income taxes.

CALENDAR YEAR RETURNS – MCATX

1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
5.71%	-0.97%	8.78%	4.73%	5.73%	5.03%	4.32%	2.79%	4.54%	3.58%

For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. (Each share class is counted as a fraction of one fund within this scale and rated separately, which may cause slight variations in the distribution percentages.) The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five-, and ten-year (if applicable) Morningstar Rating metrics. Managers California Intermediate Tax-Free Fund was rated against the following numbers of U.S.-domiciled Muni California Interm/Short funds over the following time periods: 81 funds in the last three years, 70 funds in the last five years, and 37 funds in the last ten years. With respect to these Muni California Interm/Short funds, Managers California Intermediate Tax-Free Fund received a Morningstar Rating of 4 stars, 4 stars, and 3 stars for the three-, five-, and ten-year periods, respectively. Past performance is no guarantee of future results. The rankings reflect the waiver of all or a portion of the Fund's fees. Without such waiver, the rankings may have been lower.

FUND FACTS

Inception Date	11/16/90
Net Assets	\$38.0 million
Minimum Investment	\$2,000 (\$1,000 IRAs)
Expense Ratio* (Gross/Net)	0.83%/0.56%
Sales Loads	None
12b-1 Fees	None
Ticker Symbol	MCATX
Cusip Number	561717620

*Annualized expense ratio as of 03/01/08. The Investment Manager has contractually agreed, through at least March 1, 2009, to limit Net Annual Fund Operating Expenses (exclusive of taxes, interest, brokerage commissions, acquired fund fees and extraordinary items) to 0.55%.

Average Annual Returns for Periods Ended 06/30/08†

	Year-to-Date	1 Year	5 Years	10 Years
MCATX	-0.40%	3.70%	3.27%	4.15%

Lehman Brothers 5-Year Municipal Bond Index	1.11%	5.68%	2.88%	4.45%
SEC 30-day Yield as of 06/30/08: 3.37%‡				

†Returns for periods greater than one year are annualized.

‡The SEC 30-day yield would have been 3.16% without the fee limitation.

The performance data shown represents past performance. Past performance is not a guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance information through the most recent month end, please call 800.835.3879 or visit our Web site at www.managersinvest.com.

From time to time the Fund's advisor has waived fees or reimbursed expenses, which may have resulted in higher returns.



managers

INVESTMENT GROUP LLC

Mutual Funds ■ Separate Accounts ■ Investment Solutions

Not FDIC insured, nor bank guaranteed. May lose value.

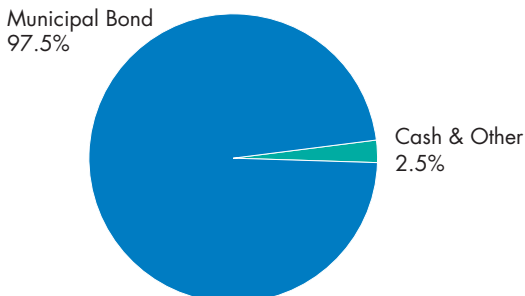
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PORTFOLIO COMPOSITION



PORTFOLIO CHARACTERISTICS

Average maturity (years)	7.8
Modified duration	6.4
Average credit quality	AA

TOP TEN HOLDINGS*

Security	Coupon	Maturity	% of Net Assets
Yosemite Community College District	0.00%	Aug 2018	7.9%
California State Department of Water Resources	5.00%	May 2022	5.4%
Los Angeles Unified School District	4.75%	Jul 2019	4.9%
Bay Area Toll Authority CA	5.00%	Apr 2021	4.8%
Sonoma County Junior College District	5.00%	Aug 2022	4.7%
Novato Unified School District	5.00%	Aug 2020	3.8%
East Bay Municipal Utility District CA	4.75%	Jun 2020	3.5%
California State Public Works Board	5.00%	Jan 2021	3.3%
Kern High School District CA	5.00%	Aug 2021	3.0%
California Educational Facilities Auth Rev	5.25%	Sept 2017	2.8%

% in Top Ten Holdings 44.1%

*Mention of a specific security should not be considered a recommendation to buy or a solicitation to sell that security. Holdings are subject to change.

Investors should carefully consider the fund's investment objectives, risks, charges, and expenses before investing. For this and other information, please call 800.835.3879 or visit www.managersinvest.com for a free prospectus. Read it carefully before investing or sending money.

The Fund is subject to risks associated with economic, political, geographic, and demographic conditions of California that could adversely affect the value of the Fund's investment portfolio.

The Fund is subject to the risks associated with investments in debt securities, such as default risk and fluctuations in the perception of the debtor's ability to pay its creditors. Changing interest rates may adversely affect the value of an investment. An increase in interest rates typically causes the value of bonds and other fixed-income securities to fall. Investment income may be subject to certain state and local taxes, and depending on your tax status, the federal alternative minimum tax. Capital gains are not exempt from federal income tax.

The Lehman Brothers 5-Year Municipal Bond Index provides a broad-based performance measure of the U.S. municipal bond market, consisting of securities with 4-6 year maturities. The Index tracks general obligation, revenue, insured, and prerefunded bonds with a minimum credit rating of Baa by Moody's. Unlike the Fund, the Lehman Brothers 5-Year Municipal Bond Index is unmanaged, is not available for investment, and does not incur expenses.

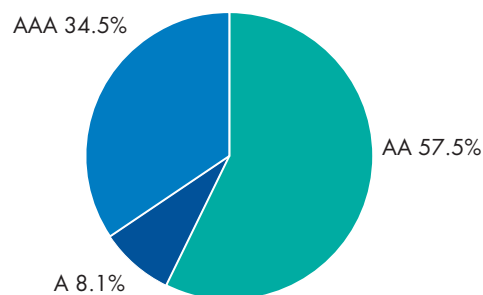
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CREDIT ALLOCATION (% of bonds)



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