

# CEF ADVISORS' CEF/BDC INDEXES

DATA AS OF MAY 22, 2017 FROM "CEFA'S CLOSED-END FUND UNIVERSE DATA"

Indexes Performance Da

## Diversified Indexes

Index	Discount	1 Yr Avg Discount	3 Yr Avg Discount	5 Yr Avg Discount	Rel Disc Range (3Yr)	Mk Yield	Lev Adj NAV Yield	After Tax Yield*	Est. Tax Friction*	1 Yr RoC%	3 Yr Dest RoC%	Lev %	Non Lev Expense Ratio	3 Yr NAV Volatility	% Equity Exposure	% Bond Exposure	# Holdings	Cash Weighted Duration	Beta (2yr)	Comp NAV TR	Comp Discount
1. 12 Major CEF Sectors Index	-2.73	-4.75	-6.19	-4.34	70.84	7.87	6.41	6.57	1.30	23.6	16.7	22.9	1.57	10.64	39.65	58.94	84	2.73	0.64	-0.19	1.65
2. High Income Index	-1.92	-4.51	-5.73	-3.41	72.23	10.20	8.14	8.61	1.59	34.6	25.3	25.4	1.93	12.32	43.78	54.07	100	1.59	0.74	1.13	1.96
3. Equity Income Index	-4.34	-7.23	-7.92	-6.85	70.55	8.09	7.07	7.14	0.95	40.3	29.1	12.3	1.31	16.77	88.94	9.07	68	N/A	1.01	1.32	1.56
4. 60/40 Balanced (w/ BDCs) Index	-3.76	-6.24	-7.21	-5.70	70.41	7.66	6.33	6.35	1.31	22.5	15.5	19.1	1.59	12.06	55.80	41.77	168	1.60	0.73	1.15	1.31
5. Tax-Sensitive Income Index	-4.01	-5.21	-5.92	-4.56	57.95	7.59	6.11	7.41	0.18	57.0	41.9	22.7	1.32	16.39	63.56	35.32	63	3.43	0.89	-0.50	-0.54
6. Taxable Bond & BDC Index	-2.81	-3.96	-6.08	-3.98	73.22	7.62	5.74	5.93	1.69	10.7	7.9	29.4	1.51	6.11	1.75	95.26	85	4.44	0.27	0.90	0.71

See more on CEF Advisors' 26 CEF/BDC Indexes at: [www.cefddata.com/index](http://www.cefddata.com/index)

# CEF ADVISORS' MODEL PORTFOLIO OFFERINGS

DATA AS OF MAY 22, 2017 FROM "CEFA'S CLOSED-END FUND UNIVERSE DATA"

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Portfolio	Discount	1 Yr Avg Discount	3 Yr Avg Discount	Rel Disc Range (3Yr)	Mk Yield	Lev Adj NAV Yield	After Tax Yield	Tax Friction	1 Yr RoC%	3 Yr Dest RoC%	Lev %	Est Lev Cost	Non Lev Expense Ratio	3 Yr NAV Volatility	3 Yr NAV TR	Purchases Turnover	Sales Turnover	% Equity Exposure	% Bond Exposure	# Holdings	Cash Weighted Duration	Beta (2yr)
1. CEFA International Opportunity	-9.97	-12.07	-12.03	63.45	6.21	4.85	5.28	0.93	29.0	16.9	14.0	0.26	1.39	14.35	7.83	57.28	59.96	64.62	31.69	29	1.47	0.83
2. CEFA Diversified Equity	-13.66	-15.85	-15.09	55.59	5.80	4.60	5.17	0.63	27.8	16.7	10.9	0.28	1.50	17.29	11.15	46.46	46.70	85.68	11.83	25	N/A	0.97
3. CEFA Diversified Growth	-9.95	-12.18	-12.17	61.81	7.22	5.39	5.93	1.29	19.7	15.0	19.3	0.92	2.02	16.02	6.34	48.67	51.73	62.87	34.75	33	1.00	0.95
4. CEFA Hybrid (High) Income	-6.18	-8.38	-9.36	65.17	10.38	7.82	8.79	1.59	36.9	26.1	25.4	1.27	2.31	14.10	5.01	71.34	74.80	51.77	45.56	26	0.97	0.88
4.1. CEFA Hybrid (High) Income Monthly	-5.62	-8.44	-10.42	72.31	9.80	7.32	8.25	1.55	33.2	20.5	27.4	1.18	2.24	10.59	9.77	70.70	71.96	44.85	51.37	25	1.28	0.77
5. CEFA Discount Opportunity	-14.46	-15.79	-14.71	57.72	6.13	4.34	5.08	1.05	19.6	10.9	19.9	0.89	1.84	13.66	12.35	54.97	56.03	64.84	32.69	35	1.39	0.85
6. CEFA Alternative Income	-7.54	-9.78	-10.42	65.67	8.31	6.10	6.75	1.56	20.4	12.4	26.0	1.73	2.73	13.50	11.34	74.97	50.25	45.03	46.94	25	1.23	0.63
7. CEFA Foundation / Balanced	-7.43	-9.51	-10.90	64.84	7.44	5.55	5.95	1.49	13.3	8.4	24.1	0.90	1.85	11.64	12.82	52.36	53.47	50.10	47.97	29	1.40	0.67
7.1. CEFA Foundation / Balanced - Tax Advantaged	-7.62	-9.66	-9.19	58.80	7.31	5.65	6.86	0.45	51.0	40.6	20.8	0.61	1.42	15.37	1.22	59.16	62.43	60.69	37.80	28	2.03	0.85
8. CEFA Taxable Bond & BDC	-7.85	-9.75	-11.79	72.04	7.77	5.49	5.97	1.80	6.8	3.5	29.3	1.39	2.40	6.51	13.04	50.65	52.99	7.97	87.24	21	3.37	0.41
9. CEFA Dividend Confidence Model	-6.94	-8.46	-9.39	63.61	6.77	5.12	5.49	1.28	15.6	6.0	23.7	0.71	1.65	11.14	14.46	46.40	45.93	47.27	51.07	31	2.20	0.70
10. CEFA Diversified Low Beta	-6.74	-8.70	-10.25	68.23	6.68	5.02	5.46	1.22	17.5	7.5	24.1	0.93	1.96	10.96	13.53	59.51	60.29	52.01	45.10	24	0.79	0.47
11. CEFA Low Correlation	-3.77	-5.75	-8.36	77.20	7.27	5.70	6.14	1.13	18.8	12.4	23.9	0.98	1.83	10.67	12.89	48.09	47.59	44.91	52.61	27	2.80	0.56
11.1. CEFA Low Correlation - IRA	-5.17	-7.44	-9.29	69.77	7.28	5.68	5.95	1.33	23.2	14.3	21.7	0.89	1.82	11.70	9.59	40.05	43.91	39.56	59.06	25	2.50	0.55
12. CEFA Div Tax-Sensitive Income (Eq Wt)	-4.40	-6.53	-7.36	64.72	7.55	6.06	7.25	0.30	52.6	36.5	23.0	0.78	1.36	15.43	0.94	39.74	43.87	53.49	45.36	20	2.34	0.75
12.1. CEFA Div Tax-Sensitive Income (Muni OW)	-4.37	-5.89	-7.09	66.42	7.10	5.75	6.86	0.24	38.8	28.2	24.2	0.69	1.24	11.28	6.80	33.30	35.72	41.26	57.77	20	3.58	0.49
13. CEFA BDC Select	-0.92	-5.53	-8.82	75.10	9.19	6.46	6.89	2.30	0.0	0.0	40.7	3.81	4.30	4.43	22.25	31.69	31.69	8.38	90.03	13	N/A	0.71
13.1. CEFA BDC Monthly Income	2.33	-0.66	-5.39	77.51	9.47	6.82	7.11	2.36	0.0	0.0	38.2	3.59	3.60	3.70	20.84	39.56	39.56	8.07	86.55	8	N/A	0.68
13.2. CEFA BDC - Low Beta	5.80	0.97	-4.35	76.76	8.66	6.23	6.50	2.16	0.0	0.0	45.6	4.25	4.32	2.73	26.69	27.53	27.53	8.72	87.95	9	N/A	0.62
13.3. CEFA BDC Premium	9.13	7.38	4.59	69.56	8.92	6.88	6.69	2.23	0.0	0.0	41.2	3.35	3.91	2.89	27.61	35.77	35.77	7.30	91.89	11	N/A	0.74
14. CEFA Select Municipal	-4.18	-3.68	-5.74	61.00	5.57	3.92	5.51	0.06	0.1	0.0	36.3	0.73	1.05	3.46	18.12	20.17	17.55	0.00	99.56	13	9.38	-0.05
14.1. CEFA Low Duration Municipal	-1.44	-1.53	-3.61	48.93	3.21	2.67	3.21	0.00	0.1	0.0	17.1	0.36	0.76	2.77	10.64	17.92	18.07	0.00	99.66	6	3.83	-0.04

See more on CEF Advisors' Investment Models at: [www.cefddata.com/portfoliocomp](http://www.cefddata.com/portfoliocomp)

\* Based on marginal tax rates of 25% and long-term capital gains rates of 15%.

**CEFA Portfolio Models' Investment Objectives.** Diversified models typically hold 20-40 positions and sector models hold 5-15. All CEFA models start with our asset allocation and market outlook. Then, we select funds that meet or exceed our Trifecta analysis for discount direction, dividend sustainability and manager or NAV performance, blending our fundamental and data driven investment resources.

- 1. International Opportunity:** Diversified portfolio of non-US and global sector of closed-end funds. We seek to blend our global market outlook with the ability to buy funds, often at significant discounts to NAV while having the opportunity for discount narrowing over time. Yield is a byproduct of the model as many CEFs pay at least annual or semi-annual distributions. We expect the model to be 60%-80% Equity exposure and 55% to 85% Non US holdings at the fund level. We seek duration of the portfolio on a "cash weighted" basis under 2 and a Beta to the S&P 500 between 0.75 and 0.90.
- 2. Diversified Equity:** Diversified portfolio seeking primarily equity exposure. The Beta to the S&P 500 is expected to be 0.85 to 1.15. This model is a good candidate for adding SpiderRock's option overlay, as you could outperform in an option-overlaid portfolio when the holdings are more volatile by nature. This portfolio is expected to have little to no duration exposure.
- 3. Diversified Growth:** Diversified portfolio focusing on the sectors and funds where we see the best risk-adjusted growth potential. Yield is a byproduct of the model as many CEFs pay at least annual or semi-annual distributions. We expect the model to be 65% to 90% equity exposure based on the fund's reported holdings and seeking to have duration of the portfolio on a "cash weighted" basis around 1 and a Beta to the S&P 500 between 0.70 and 1.0.
- 4. Hybrid (High) Income:** Diversified portfolio seeking 50/50 allocation to equity and debt at the fund level; focusing on the highest sustainable dividend levels possible in the current environment with at least 75% of funds paying monthly. Historically 8%-9% is our target income level. We seek to have duration of the portfolio on a "cash weighted" basis under 2 and a Beta to the S&P 500 between 0.75 and 0.95. We offer a 100% monthly paying version of this model for investors that seek this feature to their investment needs. A SpiderRock overlay can be a nice addition to this model.
- 5. Discount Opportunity:** Diversified portfolio seeking 50/50 allocations to equity and debt at the fund level. Researching funds that both have a larger than average absolute discount to NAV as well as wider than normal Comp Discount (vs. peer-group average) without a significantly worse NAV total return performance vs. their peer funds. This model can work well for contrarian investors. A SpiderRock overlay can be a nice addition to this model.
- 6. Alternative Income:** Diversified portfolio seeking 50 /50 allocation to equity and debt at the fund level; focusing on less "plain vanilla" or core sectors and managers that could offer a more "hedge fund" like experience and a diversifier to traditional equity and bond allocations. We seek 2% a quarter in distributions at roughly half the Beta o the S&P 500 with "cash weighted" duration under 2. A SpiderRock overlay can be a nice addition to this model.
- 7. Foundation/Balanced:** Diversified model based on a 60% equity / 40% debt allocation at the fund level. We believe this model is a "medium risk portfolio" for a typical retired investor. Historically 7%-8% is our target income level. We seek to have duration of the portfolio on a "cash weighted" basis under 2.5 and a Beta to the S&P 500 between 0.60 and 0.85. This model is a good candidate for adding SpiderRock's option overlay, as you could outperform in an option-overlaid portfolio at these Beta levels. We offer a "Tax Advantaged" version of this model, that could reduce the after tax friction by 65%-75% for a typical investor in a taxable environment. We also offer more conservative portfolio (Conservative Diversified), comprised of 2/3 the F/B model and 1/3 invested in non-traditional asset classes using ETFs and open-end funds to reduce the expected volatility over time.

- 8. Taxable Bond and BDC:** Diversified portfolio focused on the taxable bond and debt-focused business development company (BDC) sectors. This income focused model historically targets a 7%-8% income level. It seeks “cash weighted” duration under 4 and a Beta to the S&P 500 from 0.35-0.50.
- 9. Dividend Confidence Model:** Diversified portfolio of roughly 50% equity and bond funds where we see above average dividend coverage as the primary factor after our Trifecta analysis. Historically 6.25% - 7.5% is our target income level and we expect durations under 2.5 and a beta under 0.80.
- 10. Diversified Low Beta:** Diversified portfolio seeking 50/50 allocations to equity and debt at the fund level focusing on a lower Beta for to the S&P 500 in the sector when selecting funds. We seek to have duration of the portfolio on a “cash weighted” basis under 1.75 and a Beta to the S&P 500 between 0.40 and 0.60. This model is a good candidate for adding SpiderRock’s option overlay, as you could potentially lower the Beta to 0.25 to 0.40 levels.
- 11. Low Correlation:** Diversified portfolio seeking roughly 50/50 allocations to equity and debt at the fund level. Focusing on exposure to the CEF sectors we find have the lowest long-term NAV correlations to each other. Historically 6%-7% is our target income level. We seek to have duration of the portfolio on a “cash weighted” basis under 3.25 and a Beta to the S&P 500 between 0.50 and 0.70. We offer an “IRA” version of this model that replaces Build America Bond (BABs) exposure for the municipal bond exposure. A SpiderRock overlay can be a nice addition to this model.
- 12. Diversified Tax-Sensitive Income:** Designed to maximize after-tax yield for high income investors seeking little-to-no tax friction. Equal weight exposure to three CEF sectors who historically have low correlation: municipal bonds, master limited partnerships and tax-advantage equity funds. Muni’s, the most common tax-avoidance sector for many investors has a 39% 10 Year NAV correlation to MLPs and 33% correlation to Covered Call Funds. Covered Call funds have only a 70% correlation to MLP funds. We seek a Beta to the S&P 500 of 0.55 to 0.70 and an after-tax yield of 6% to 7%. Duration is expected to be under 4. We offer a Municipal bond overweight version of this model where 50% of the portfolio is Muni bond CEFs.
- 13. Business Development Company Select:** Diversified portfolio of BDCs with strong fundamental research on each BDC’s portfolio and management. Seeking BDCs exposure with above average dividend sustainability, NAV performance, variable and senior secured loan exposure as well as low non-accruals (defaults). We look for sector and geographic diversity. We expect a Beta to the S&P 500 of 0.6 to 0.8 and historically yield levels of 8.5% to 9.5% are common. BDCs have low 10-year correlation to most asset classes; including 15% to municipal bond, 13% to preferred equity and 27% to REITs and only a 40%-43% correlation to high yield and Sr. loans. We offer a “100% monthly paying only”, “low Beta” and Premium BDC version of this model.
- 14. Municipal Bond Select:** A focused portfolio managed for 100% tax-free municipal bond exposure. We seek to build and manage the portfolio for better than average: discount to NAV, NAV total return performance, distribution levels, duration exposure, dividend coverage and other criteria we believe can give investors a better experience when looking to allocate funds into this sector. We also offer this model with lower duration (and yield) exposure.

*SpiderRock’s Custom Option Overlay* for CEFA’s diversified portfolios in taxable accounts. This generally reduces Beta by 40%-50% and increases the income on the portfolio by 2%-3% in many but not all market conditions. Learn more at [www.SpiderRockadvisors.com](http://www.SpiderRockadvisors.com)

## DISCLOSURES:

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DATA, RESEARCH & INVESTMENT MANAGEMENT

# Closed-End Fund Advisors

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