

# THE SCOTT LETTER: CLOSED-END FUND REPORT

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*A Global View of the Closed-End Fund Industry*

February 2008

THE SCOTT LETTER is intended to educate global investors about closed-end funds. Closed-end funds can be a valuable and profitable investment tool. To learn about closed-end funds, visit our web site,

[www.CEFAdvisors.com](http://www.CEFAdvisors.com), and in particular, read our article, *What Are Closed-End Funds*. Feel free to forward this newsletter to anyone who you believe could benefit from information on

closed-end funds or global portfolios.



— George Cole Scott  
Editor-in-Chief

## Mobius Sees Continued Uncertainty in Markets, but Emerging Markets Will Survive

Mark Mobius, Ph.D., joined the Templeton organization in 1987 as president of Templeton Emerging Markets Fund, Inc., based in Hong Kong. He currently directs the analysts in Templeton's 11 emerging markets offices and manages the portfolios. Dr. Mobius has spent over 30 years working in Asia and other parts of the emerging markets world. As a result of this experience, he was appointed joint chairman of the World Bank and Organization for Economic Cooperation and Development (OECD) Global Governance Forum's Investor Responsibility Taskforce in 1999.

Dr. Mobius was awarded "Emerging Markets Equity Manager of the Year 2001" by International Marketing in the United Kingdom. In 1999, he was named one of the "Ten Top Money Managers of the 20th Century" in a survey by the Carson Group, a leading global capital markets intelligence consulting firm. He has numerous other awards, including the 1992 "Investment Trust Manager of the Year" awarded by *The Sunday Telegraph* in the United Kingdom.

Dr. Mobius holds Bachelors and Masters degrees from Boston University, as well as a Ph.D in economics and political science from MIT. Dr. Mobius has studied at the University of Wisconsin, University of New Mexico and Kyoto University in Japan. He is also author of *The Investor's Guide to Emerging Markets*, *Mobius on Emerging Markets* and *Passport to Profits*.

We interviewed Dr. Mobius in Salvador, Brazil by telephone on January 24.

**SL:** What takes you to Salvador?

**Mobius:** We are here for our annual conference with 36 analysts from South Africa, Dubai, Egypt, Russia, India, Hong Kong, China, Korea, Brazil and Argentina. We

visited companies last week, and now we are focusing on the markets.

**SL:** Your analysts are always helpful. I remember once telephoning you in Singapore with a room full of analysts at a meeting that started at midnight!

So far in 2008, every world stock market is substantially down. The International Stock Indexes, as reported daily in *The Wall Street Journal*, shows Sao Paulo's Bovespa index is down -15.1%, Hong Kong's Hang Seng -13.4%, the Bombay Sensex -13.3%, Dow Jones Russia Titans -18.8%, Singapore -13.9%. Other major market indices are down extensively as well. The China DJCBN China 600 has declined -5.6% after holding onto its 2008 gain longer than the rest.

Volatility is high, as in a recent rally when Hong Kong's market rose 11% in one day.

**Mobius:** I think you are referring to the MSCI readings, which we follow on a daily basis. Derivative

trading (use of equity-structured products) is causing much of the recent volatility as these markets are much bigger than the cash markets. Derivative trading is huge in India.

**SL:** We have planned to research the influence of derivatives on these markets at a later date. Today, we want to focus on the macro-economic picture and the current valuations in your markets.

Have you been visiting many companies in Brazil and is the prosperity of the country evident as you travel around?

**Mobius:** Yes, we have visited companies in Sao Paulo and Rio. Brazil is doing a lot better now. It's more diversified and has had much success with its ethanol production, being the largest ethanol producer in the world. They are also big food producers,

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exporting poultry and other edible products worldwide.

**SL:** Have the Brazilians expanded their ethanol production so fast that too many trees are being cut down to expand the sugar cane fields?

**Mobius:** No, they are planting sugar canes in the barren areas where there are no trees to speak of. They are careful in this regard and haven't as yet moved into the Amazon area.

**SL:** That is good to know as there has been much concern in the press about this issue. The extensive logging in the Amazon basin is another concern.

According to the Brazilian government, predatory logging still plays a role in the destruction of the Amazon, much of it estimated to be illegal. The Amazon is being targeted by domestic and international corporations as a key source for tropical timber products. Huge majestic trees are being exploited to make cheap plywood for construction industries in the U.S., Japan and Europe. Even though large areas of the Amazon forest are still intact, deforestation rates are growing at an alarming rate.

What is Brazil's growth rate for 2008, the current inflation rate, the level of interest rates and forecasts for its future?

**Mobius:** The current interest rate here is about 5%-6%, a reduction from last year's 10%-12%, down from about 15%. Car sales are booming, and mortgage rates are down. There is growth in personal income in Brazil, while exports are up so it is a very good economic environment.

[**Editor's Note:** Brazil's economy outweighs that of all other South American countries. Its growth has yielded increases in employment and real wages, stemming from commodity-driven, current account surpluses. Sound macro-economic policies have bolstered international reserves to historically high levels, reduced public debt and allowed a significant decline in interest rates.]

**SL:** This is a big difference from the U.S. where everyone is worried about recession. What can you tell us about the recent oil discovery made by Brazil's state energy company, Petrobras?

**Mobius:** The discovery is an impressive find, but it still has to be proven, meaning it will be a few years before production comes on stream. This company has been very active with offshore drilling. For example, between 1998 and 2006, they made 681 exploration wells, with a 61% success ratio.

**SL:** Do they speak Portuguese or English?

**Mobius:** They speak English at Petrobras as they have operations all over the world, including a refinery in Japan. We have translators when we need them.

**SL:** In your 1996 book, *On Emerging Markets*, you wrote that higher returns can be expected from the emerging markets because these nations are growing faster and their stock markets are expanding rapidly. Regarding diversification of your investments (page 214), you wrote:

*If investors diversify from their U.S. holdings by making investments only in, say, Canada, the diversification effect exists, but not as markedly as if the investor moved into emerging markets such as Turkey, Portugal, the Philippines, Malaysia, Brazil and Argentina. This is because the correlation coefficient, or ratio of times in which the markets move in tandem, of the Canadian market indices to the U.S. indices have been found to be as high as 0.8, out of a total maximum of 1.0. This means that eight times out of ten, when the U.S. markets are weak, so are the Canadian markets. In the end, a given portfolio has benefited from only a minor degree of diversification and risk tolerance.*

*In the case of emerging markets, the market correlation coefficient of the aggregated emerging markets against the U.S. markets is as low as 0.077.*

*Emerging market investments, therefore, serve to reduce the risk of volatility in a portfolio to a much greater extent than investments in other developed markets would. The potential for gain also exists between two different emerging markets.*

*Even individual emerging markets tend to move quite independently of each other, providing a great advantage to a diversified portfolio over single country investments.*

Templeton Emerging Markets Fund  
Compounded Annual Returns  
(as of December 31, 2007)

	Net Asset Value (NAV)	Market
1 Year	51.62	38.43
3 Year	152.17	123.18
5 Year	385.39	392.29

Your thesis appears to be that there are wider discrepancies between market performances over time. Have you revised your theories since you published the book in 1996?

**Mobius:** No, we believe that diversification is necessary and can benefit investors, if done so cautiously. With greater globalization, the market correlation in the short term can be close, but over time each market has its own behavior and independence.

**SL:** We are in a heated election year in the U.S. with the economy being one of the main issues. Many Americans feel we are losing in the world economic race as Brazil, Russia and the Gulf countries have so much cash from the high oil prices that they are establishing sovereign investment funds to invest the excess cash. This is a controversial issue for some Americans.

We found that many of these countries are spending the excess capital on improving family life and are making more progress than we are in conserving the world's precious resources. What are your views about this as well as your assessment of the world stock markets?

**Mobius:** We are going to see continued uncertainty in the markets until there is conviction that the Fed will do everything in its power to ensure survival of some of the banks that are in trouble.

**SL:** Yes, we have seen almost daily revelations of bank and stockbroker malfeasance. Why hasn't the correlation theory you stated so clearly in your book made the emerging markets immune from all the rapid selling we see day after day?

**Mobius:** We are constantly trying to improve what we do. One rule is to buy when other people are selling and sell

when other people are buying. Sir John Templeton was doing that all the time.

**SL:** That is the *Templeton way!* What are your thoughts about the Fed's aggressive lowering of interest rates?

**Mobius:** I realize that some people are unhappy that the Fed is reacting to the market with its increase in liquidity. We will all have to pay for it with inflation. I also sympathize with them as far as the mandate to control inflation and to try to ensure a buoyant U.S. economy.

So many banks are continuously adding more losses to their balance sheets. I think that the Fed is doing the right thing, as the financial system has to be preserved.

The Society General Bank trading error shows the banks have been reckless in their risk controls, chasing profits without any regard to the risks. They are now coming home to roost.

**[Editor's Note:** The world's top banking authorities have just warned that the global financial markets may suffer a relapse into the turmoil (and continued volatility) sparked by the 2007 collapse, backed by the U.S. subprime mortgages even though the Federal Reserve and other central banks may have pumped enough money into the banking system.

**SL:** How do you manage so many portfolios when you are visiting companies?

**Mobius:** We follow the markets on our blackberries, but we try not to react to the markets too quickly. We have a 24-hour trading operation in Ft. Lauderdale, Hong Kong and London to keep up with what is happening on a day-by-day basis.

**SL:** In your 1999 book, *Passport to Profits*, you wrote about Hong Kong's "Happy Handover" to China, which I witnessed with you on July 1, 1997. After we met for breakfast on July 3rd, you wrote that Hong Kong was preening itself to be "China's richest, most advanced westernized city". There was much skepticism at the time, but the peaceful handover has worked out pretty well for China and its citizens. Any further comments on how Hong Kong has evolved?

**Mobius:** Hong Kong continues to be a world class city. Its low taxes, minimal

trade barriers and adherence to law make it one of the world's most successful business environments. Thus, Hong Kong should continue encouraging foreign and institutional investors alike. Its financial stability only adds to its attractiveness.

**SL:** The day after we met, the bottom fell out of the Asian markets with the devaluation of the Thai currency. When I returned to my office in Richmond, we had to face some of the wildest stock markets I had ever seen in my long career.

Since then, we may have seen too much optimism in the Asian stock markets. *Mobius Rule #57* says: "When everyone else is dying to get in, get out." Have you followed this rule in 2007?

**Mobius:** We were out of a lot of those stocks, but we are holding many of them as things look very good for the longer term.

*We see better odds in staying fully invested rather than being out of the markets*

**SL:** We are grateful that you are more optimistic. Have you been raising cash in the last few months?

**Mobius:** Not really. Usually we switch from something that is expensive to something else that is undervalued. We try not to get into cash, particularly when the Fed is lowering rates and the money supply is being pumped up globally. We see better odds in staying fully invested rather than being out of the markets.

**SL:** We are not market timers either. China could continue its high growth rate, currently around 11%. However, many analysts now predict a lower growth rate.

The International Monetary Fund predicts that the U.S. will skirt a recession in 2008. They see that U.S. growth will slow sharply enough to impact world economies. How does this compare with your forecasts?

**Mobius:** I think the numbers are accurate. People were questioning the Chinese numbers so I looked at their electric power

consumption, a pretty good indicator of what's happening on the ground. They show that growth in China is even higher than what they reported.

**SL:** Really! We thought that China's growth could slow because of growing water and air pollution. Your thoughts?

**Eddie Chow** (China analyst): Our analysts are confident that people in the Chinese cities really see what is going on in this area. They see a China very different from what I saw 20 or 30 years ago. People are happy even in the small villages so there is little chance of returning to the old way of life.

**SL:** The continued high speculation in these stock markets reminds me of the time John Templeton foresaw troubles in the Japanese stock market rally of the 1980s. He promptly sold his Japanese stocks and was criticized for this by most of the financial community, but how right he was!

We see reports that state that the Chinese government is taking a stand on the pollution issue. The China web site, [www.greenchinaview.com](http://www.greenchinaview.com), tells of much progress being made. However, we also see a sharp difference in what they are reporting and what is really happening. Comments?

**Mobius:** There is certainly a pollution problem which will be exacerbated by continued growth. It is positive that the government is making efforts to clean up the environment. The Chinese government is headed in the right direction. The road to success is long and difficult – after all Rome wasn't built in one day.

**SL:** *The Wall Street Journal* has just reported that tickets for the 2008 Olympics have all been sold, and the hotels are fully booked. China expects 1.1 million people (about 40% from overseas) to watch 31 sports from 200 nations in which 10,000 athletes are participating during the August 8-24, 2008 event.

However, persistent pollution is still a major problem in Beijing. Levels of nitrogen dioxide surpass the World Health Organization's clean air guidelines by 78%. To deal with the problem, they will stagger working hours during the Olympics to ease rush hour traffic.

The Austrian horse team has moved its Olympic venue to Hong Kong because of fears about the health of its prized horses due to pollution in Beijing. This shows some participants are concerned.

Do you think China is facing the reality of the situation?

**Mobius:** They realize this is a problem and have been working hard to do something about it. To give you an example, if a company fails to do what the Chairman requires, it is closed down, and the punishment can be severe.

**SL:** We are aware of that, and it takes place more and more frequently, especially on the mainland. We wonder if this problem can be contained in time for the Games. (See <http://en.beijing2008.cn/>.)

This affects Americans because the putrid air from Chinese coal plants is being transported across the Pacific to western Canada and the U.S.

How clean is the Yangtze River? Reports say the fish are dying.

**Mobius:** The Yangtze is a pollution problem because of the Three Gorges Dam, as there are a lot of particulates in the river. They have to start cleaning it up and are working to resolve it. The same is true in India, but this is a massive problem.

**SL:** There is some good news. China has just made an agreement with The Nature Conservancy to try to minimize the ecological impact of the Three Gorges Dam. The plan calls for a feasibility study on how to manage flood-plain risks downstream. They also will cooperate on better ways to manage four other dams being built further upstream to restore the flow of the river.

The recent Chinese film, *Still Life*, filmed at the enormous hydroelectric project, shows the effects of flooding the town and cities upstream. A reviewer wrote, "The movie is a flawless realization of limbo, in which the past has died and the future has yet to arrive." The film clearly shows the pollution-laden clouds hanging over the area.

Other than hydroelectric power, do they have supplies of natural gas as well or do they have to import it?

**Mobius:** They bring it in from Russia in pipelines. This is the first significant

break in Russia's previous monopoly control over all of the oil and natural gas.

**Chris Liu** (China analyst): A power generation company has been working on reducing emissions in China, by turning the coal-fired plants into gas turbines in major cities like Shanghai and Beijing.

**SL:** We are delighted to hear that China, which still uses massive amounts of coal, is using natural gas. We understand they are building nuclear power plants as well.

**Mobius:** Yes, they are building about four nuclear power plants right now because they will have a power shortage if they don't act quickly to resolve it.

**SL:** Looking further into your regions, will North Korea's new president be good for the Korean economy?

**Mobius:** The new government in Korea is very bullish for its stock market. The new president, Lee Myung-bak, wants to revive the nation's economy by tossing out the old government-led growth model and embracing more competition and foreign investors. Mr. Lee faces mounting challenges as Korea's growth has slowed because of lower exports from the U.S., particularly of steel, autos and electronics.

**SL:** Is Taiwan still on your radar?

**Mobius:** Very much so. Taiwan has very good valuations, and there is also pending political change. If the Kuomintang gets back into power, this is very bullish for Taiwan because relations with China will improve dramatically. This party has increased its alignment with China so they will more likely remain independent.

**SL:** That's a good thing. There is a broad popular consensus on the island that the Taiwanese people will have a deciding voice regarding any changes to their sovereign independence from China.

**SL:** What can you tell us about commodity prices, and how they relate to your portfolios?

**Mobius:** We see commodity prices going higher but will stay at high levels. That includes oil which, even at \$60 a barrel, is very profitable for companies like Brazil's state oil company, Petrobras, as their lifting costs are low. Companies which produce iron ore, nickel and other

minerals are making incredible profits from their mining operations. There are more and more acquisitions to raise their stock prices.

**[Editor's Note:** Even as copper prices have tumbled in the U.S., China still maintains a high demand for the mineral. The world still needs large amounts of copper, and countries like China and India are large importers. The miners have maintained relatively high profit margins, even though copper prices are 20% off the 2006 peak.

One economist predicted that China's export-led economy will slow because of fewer orders from the U.S., but many say demand is less fragile than assumed because as much as 80% of the copper used in China goes into power generation, grid networks and construction.

The recent snow storms and power cuts in China have pushed not only copper prices higher, but also aluminum, zinc, lead, nickel and platinum prices as well.]

**SL:** Because of high oil prices and greater incentives, there are now more reasons for the industry to develop alternative energy. Have you looked at any companies in this area?

**Mobius:** We have found that a lot of the alternative companies are very expensive, especially since there is a lot of interest in the environment, but we are watching these developments.

In China, for instance, we have invested in China IC Gear which makes gears for wind turbines and have made 16 times on our money on that investment. They make the turbines for GE, which likes them so much that they want to invest in the company.

**SL:** Do you know of any other companies working on alternative energy?

**Mobius:** Yes, we have invested in an auto company in China which has been very successful in a venture with Honda. This company pays particular attention to pollution emissions.

**SL:** Tell us about your exposure to Hungary, eastern Europe and Russia?

**Mobius:** Our biggest exposure in the region is Poland (3%) and Hungary (2%). In Russia, we hold large quantities of natural resource stocks, including Gasprom and Lukoil in energy, some

telecom and nickel companies, as well as a pipeline manufacturer.

**SL:** Is Russia's prosperity still dependent on higher oil prices? How well have they diversified their economy from commodity dependence?

**Mobius:** Russia has made considerable progress in diversifying its economy.

**[The World Fact Book:** Russia ended 2007 with its ninth straight year of growth, averaging 7% annually since the financial crisis of 1998.

During this time, poverty has declined steadily, and the middle class continues to expand. The federal budget is in good shape and in 2007 ended with a surprise 6% of GDP. Foreign debt has also decreased to 31% of GDP.

During Putin's first administration, reforms were enacted in taxation, banking and labor and land codes, raising business and investor confidence in Russia's economic prospects. Foreign direct investment rose from \$14.6 billion in 2005 to an estimated \$29 billion in 2007. Inflation is a problem, however, driven by rising food costs, up 12% by year-end.

Serious problems are still there. Oil, natural gas, metals and timber account for 80% of exports and 30% of the government's revenues, leaving the country vulnerable to wide swings in world commodity prices. Analysts say that Russia's manufacturing base must modernize for the country to achieve broad-based economic growth.]

**SL:** We have found that it is difficult to find much information about the diversification of the Russian economy. What about pollution problems in Russia?

**Dennis Lim** (Russian Analyst): Pollution is less of a problem in Russia, except for in the capitals, Moscow and St. Petersburg. Moscow has too many cars and cannot resolve the problem because the Metro stations are so overcrowded.

I live in Moscow, and driving in traffic jams for a couple of hours is normal. Because the infrastructure can't handle mass transit, most people travel by car. The government is now spending money to try to improve the situation. Outside the big cities, the Russians don't drive cars. The

government is using the stabilization fund from oil to improve the roads.

**SL:** How important is Thailand in your portfolio?

**Mobius:** Thailand is a very important market for us. We see much value and have bought some very cheap stocks while all the chaos was going on.

**SL:** Please update us on Vietnam, which is now a major tourist destination.

**Mobius:** We just were in Vietnam. Many years ago, we took significant stakes in a tea processing venture, a five-star hotel development and a luxury apartment building. Two of these investments have since been divested, but we continue to hold our investment in a luxury apartment in Hanoi.

**SL:** *The Wall Street Journal* reports that real estate is now Vietnam's hottest market.

**[The Wall Street Journal:** Vietnam's financial industry has undergone explosive growth in the past two years, as local and foreign investors increasingly see the country as one of Asia's most promising new markets – even if a tiny one. After sizzling gains over the past few years, Vietnam's stock market has suffered big price swings in recent months. Dozens of state-owned enterprises are preparing to privatize as the country transitions to a market economy.

Morgan Stanley is acquiring 49% of a Vietnamese brokerage, a first for a Western firm, as it seeks to establish an investment banking business in the country. Citigroup and Deutsche Bank have also opened local offices in Vietnam, and Merrill Lynch & Co. and Credit Suisse Group have obtained licenses to trade securities.]

**SL:** Franklin/Templeton has a new office in Abu Dubai. Are you investing there yet?

**Mobius:** We invest in the Gulf countries in a very small way, with a small cap fund in Oman where we find attractive valuations.

We also invest in Egypt, mostly in textiles and pharmaceuticals.

**[Editor's Note:** The Sultanate of Oman, an absolute monarchy, has a population of 3.2 million. The capital, Muscat, is where 50% of the population lives. Oil is the largest export, but the Omani economy

has now diversified into tourism and natural gas. In 2006, employee wages were increased 15%, placing Oman in the category of high-medium income countries of the world. Since 1999, the government has embarked on reforms in higher education to meet the needs of a growing population. The International Olympic Committee recently awarded the Ministry of Sports Affairs its prestigious prize for its efforts to promote the Olympic spirit and goals.

Abu Dubai, on the other hand, is on a \$175 billion five-year investment boom to transform the city through extravagant architecture and industrial investments. The government promotes economic expansion, although it is late compared to Doha and Dubai. Sheikh Hamed, chairman of the Department of Planning and Economy, has developed a \$100 billion Abu Dubai securities market, to give it a key role in growing the financial securities sector. Oil and gas are still the pillars of the economy.]

**SL:** Any concluding remarks?

**Mobius:** The emerging markets will survive because they are not doing much in derivatives and can withstand a lot of volatility without damage. By and large, [the investment world] has improved dramatically since we started investing in the emerging markets 20 years ago, so we are optimistic.

We welcome the hedge funds coming into the emerging markets as they provide much needed liquidity and provide lots of opportunities to buy and sell at a price. We think that we are in a very good position right now.

**SL:** I have an update on Sir John Templeton, who is doing pretty well at 95! Sir John has been such an inspiration for all of us in the investment field. He is happily retired at home in Lyford Cay, Nassau. He sold his Rolls Royce for a profit and now owns two Korean Kia cars. In these later years, he has concentrated on spirituality.

Sir John's son, Jack, a noted surgeon, is now running the Templeton Foundation. His other son, Christopher, is a farmer in Iowa.

**Mobius:** Thank you for the update. ■

## Survey Finds Investors "Going Green"

Investors are becoming interested in environmentally aware companies from an economic rather than a socially conscious perspective, and many are turning to their financial advisors for help in "going green".

The survey, released on January 24 by Allianz Global Investors, indicated that 73% of the respondents said they would need to consult their financial advisor for help in environmental investing.

Of the 1,003 investors surveyed, 71% said they viewed environmental technology companies as a solid buying opportunity, with nearly half planning to make "green investments" in 2008. Half also indicated that they would welcome their advisor's recommending more environmental-related opportunities, while 83% responded that their advisor had never recommended such opportunities.

"Investors are hungry to get in this growing and high potential sector, but they rightly recognize the value of professional advice," said Brian Jacobs, managing director of Allianz.

"This can be a particularly complicated investing decision, as many of the technologies that will help address environ-

mental issues are just beginning to emerge. More than two-thirds (67%) of the investors surveyed agreed either strongly or somewhat with the statement: 'Global warming is a serious threat that businesses need to address in order to be successful.' Eight-four percent (84%) indicated a belief that a company's profitability would be increasingly linked to its ability to address issues of resource sustainability."

In 2008, Allianz will begin an educational campaign for advisors about environmental investing, said Mr. Jacobs. "Advisors may need help navigating this developing, technology-intensive, competitive sector," he added. ■

Source: *Investment News*

**Editor's Note:** Closed-End Fund Advisors is investing small amounts of money in the mutual fund, Winslow Green Growth Fund. As of yet, there are no closed-end funds in this area.

*Humility about how little I know has encouraged me to listen more carefully and more wisely.*

— Sir John Templeton  
[www.templetonpress.org/SirJohn/quotes.asp](http://www.templetonpress.org/SirJohn/quotes.asp)

## Portfolio Manager's Review

After building up our cash positions in December and early January, we took advantage of lower prices to find bargains for our clients. This has continued into early February.

Purchases were made in U.S. funds and DiamondRock Hospitality Co., a real estate investment trust. New positions were also initiated in two real estate funds, RMR Asia Pacific Real Estate Fund and its domestic counterpart, RMR Real Estate Fund. Purchase of these funds can be difficult now because of the recent volatility in the markets, so one has to be careful to watch the ex-dividend dates. We have been selling our two other real estate closed-end

funds because they are selling at premiums to their net asset values.

Because we are still quite defensive, we have been purchasing shares of Templeton Global Income Fund, even though it sells close to its net asset value. We do not recommend that subscribers purchase this fund unless it is selling at a discount.

We are holding higher levels of cash now for further opportunities. There should be better stock markets by mid-year, as the status of the U.S. economy becomes clearer. We are also shifting some funds from Asia into Latin America where we see better values. ■

*George Cole Scott*

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