



QUARTERLY CLOSED-END FUND & BDC REVIEW AND OUTLOOK

**3rd Quarter 2014 Review &
4th Quarter 2014 Outlook**

Intermediate/Advanced CEF Skill Level

October 9, 2014

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***Closed-End Fund Advisors is a Registered Investment Advisory Firm Specializing
in Closed-End Fund Research, Trading and Management Founded in 1989.***

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Note: On slide 32 & 34 we had a merger than ended as a new ticker symbol, DRA, as an IPO which was a mistake in the live / replay session. We have corrected our PDFed slides and the summary article. We apologize for this error.



What Is CEF Advisors?

- Investment Management, Research & Data
- Independent, Fee Only & Family Owned
- *“Scott Letter: Closed-End Fund Report”*
- Discretionary Portfolio Management (SMA), Unit Investment Trust (UIT) Portfolio Consultant
- CEF & BDC News/SEC Filings Alert System
- “CEFA’s Closed-End Fund Universe” Report (w/ BDCs)
- “Best Ideas List”, Hourly & Project-Based Consulting Work
- Founder: “CEF Network” on LinkedIn



Celebrating 25 Years as
Closed-End Fund
Specialists



www.CEFadvisors.com

Founded in 1989



Current Closed-End Fund/BDC Options & Assets

3Q 2014 Ended with **581 US Traditional Closed-End Funds**
51 Business Development Company CEFs

- 40 US Equity CEFs
- 126 (+2) Specialty Equity CEFs
- 63 (+1) Non US Equity CEFs

229 Total Equity Traditional CEFs

- 155 (-7) Taxable Bond CEFs
- 104 National Municipal Bond CEFs
- 93 Single State Municipal Bond CEFs

352 Total Bond Traditional CEFs

- 42 (+1) Debt Focused BDCs
- 9 Equity Focused BDCs

51 Total BDC Closed-End Funds

Assets of Closed-End Funds by Type, End of Period

Millions of dollars

	3Q 2014	2Q 2014	1Q 2014	4Q 2013	3Q 2013	2Q 2013
Total Trad CEF Equity	127,902	130,192	121,996	118,784	115,742	110,672
U.S. Equity	23,168	23,928	23,354	22,826	21,529	20,698
Non U.S. Equity	17,325	17,936	17,452	17,884	17,863	16,799
Specialty Equity	87,408	88,327	81,190	78,074	76,350	73,176
Total Trad CEF Bond	138,631	140,157	137,357	132,840	133,059	134,101
Taxable Bond	72,362	74,656	74,036	72,761	72,223	71,420
National Municipal	47,460	46,981	45,363	43,041	43,590	45,008
Single State Municipal	18,810	18,521	17,958	17,038	17,246	17,673
Total Traditional CEF	266,533	270,349	259,353	251,624	248,801	244,773
Debt Focused BDC	27,893	24,882	N/A	N/A	N/A	N/A
Equity Focused BDC	7,248	7,001	N/A	N/A	N/A	N/A
Total BDC CEF	35,140	31,884	N/A	N/A	N/A	N/A
CEF GRAND TOTAL	301,673	302,233	N/A	N/A	N/A	N/A

Source: CEFA's CEF Universe Report 9/30/14 (cef universe.com)

Source: CEF Universe Data



Traditional & BDC CEF Overview

Data for Major Groups

Fund Sector	Funds	Discount				Yield			Dividend											Shares Inst%	Shares Activ%
		Current	Rel	1-Yr Z-Stat		Inc	Tot	LevAdj NAV	%RoC 3m	Inc/ Dec(%)		Rel. UNII	Earn Cov%	Lev %	Std Dev	Rel SD	Exp Rt	Net Ast	Avg Daily \$		
EQUITY FUNDS	229 Funds	-8.12	-0.3	0.0		3.1	7.9	6.6	25	14		-165.7	42	13	13.8	2.3	1.70	\$559	1,410	22.14	12.59
U.S. Equity Funds	40 Funds	-9.08	-0.3	0.4		2.9	8.5	7.4	20	39		-148.7	57	11	15.0	3.2	1.62	\$579	1,106	16.20	12.68
Non U.S. Equity Funds	63 Funds	-9.17	-0.2	0.0		2.6	8.5	7.3	9	24		-244.6	43	8	15.5	1.6	1.73	\$275	785	28.10	24.56
Specialty Equity Funds	126 Funds	-7.30	-0.4	-0.1		3.4	7.4	6.0	35	0		-133.2	37	16	12.6	2.4	1.71	\$694	1,819	21.00	6.58
BOND FUNDS	352 Funds	-7.67	-1.1	-0.9		6.4	6.6	4.7	2	-4		6.4	95	30	9.3	5.5	1.62	\$394	953	13.89	9.84
Taxable Bond Funds	155 Funds	-7.04	-1.1	-0.7		7.0	7.4	5.5	5	-7		-4.6	92	28	9.1	4.9	1.67	\$467	1,410	22.15	15.04
National Muni Bond	104 Funds	-7.81	-1.0	-1.0		6.1	6.1	4.3	0	-1		15.4	98	32	9.0	5.5	1.44	\$456	831	10.31	5.86
Single State Muni Bond	93 Funds	-8.57	-1.2	-1.1		5.6	5.6	3.8	0	-4		14.3	98	34	9.8	6.5	1.75	\$202	333	6.67	5.63
Traditional CEF AVERAGE	581 Funds	-7.85	-0.8	-0.5		5.1	7.1	5.4	11	3		-50.9	75	23	11.0	4.3	1.65	\$459	1,134	17.03	10.92
Fund Sector	Funds	Discount				Yield			Dividend											Shares Inst%	Shares Activ%
		Current	Rel	1-Yr Z-Stat	3-Yr Z-Stat	Inc	Tot	LevAdj NAV	%RoC 3m			% NAV Growth	Earn Cov%	Lev %	Std Dev	Rel SD	Exp Rt	Net Ast	Avg Daily \$		
Debt Focused BDC CEF	42 Funds	-2.92		-0.2	-0.13	9.3	9.6	6.9	2			-0.4	110	38	18.2		9.18	\$664	4,624		9.01
Equity Focused BDC CEF	9 Funds	-27.16		-0.1	-0.09	3.4	3.8	2.5	0			0.5	-120	10	29.9		5.65	\$805	3,602		14.66
BDC CEF AVERAGE	51 Funds	-7.20		-0.1	-0.1	8.8	9.1	6.5	2			-0.2	90	33	20.5		8.55	\$689	4,444		10.01
OVERALL CEF AVERAGE	632 Funds	-7.80		-0.5		5.4	7.2	5.5	11				76	24	11.7		2.21	\$477	1,401		10.85

Source: CEFA's Closed-End Fund Universe 9/30/14
(www.cef universe.com)



CEF Universe Update

Fund Grouping	Discount / Premium		3Q NAV TR		3Q Price TR	
	Discount	Premium	Positive	Negative	Positive	Negative
Equity Traditional CEFs	213 (93%)	15 (7%)	76 (33%)	153 (67%)	52 (23%)	177 (77%)
Taxable Bond Traditional CEFs	138 (89%)	17 (11%)	36 (23%)	119 (77%)	12 (8%)	143 (92%)
Municipal Bond Traditional CEFs	182 (92%)	14 (7%)	197 (100%)	0 (0%)	121 (61%)	76 (39%)
BDCs	37 (73%)	14 (27%)	42 (82%)	1 (2%)	6 (12%)	45 (88%)
ALL CEFs	570 (90%)	60 (9%)	351 (56%)	273 (43%)	191 (30%)	441 (70%)

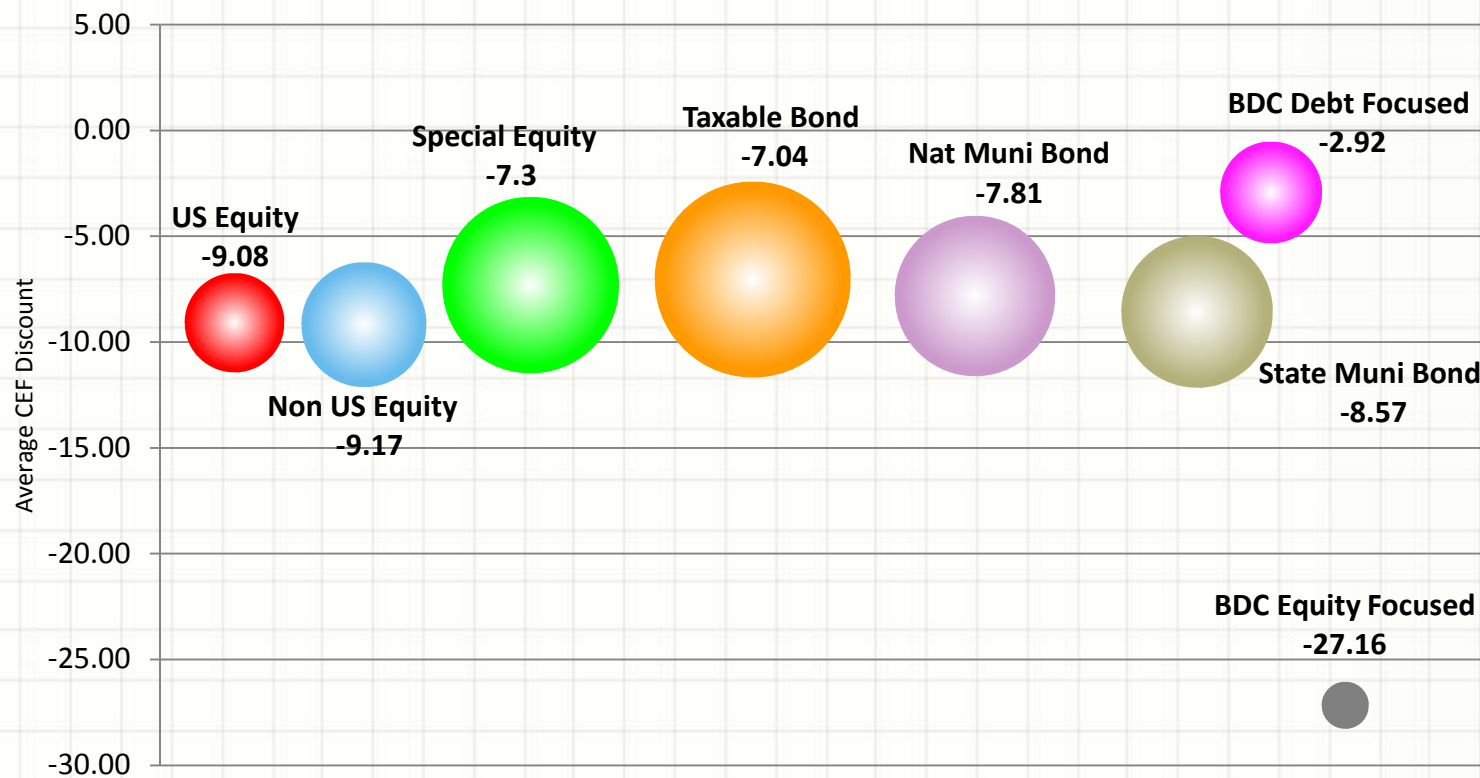
Data as of September 30, 2014

Source: CEFA's Closed-End Fund Universe Report



Current Closed-End Discounts

Avg CEF Discount % as of September 30, 2014



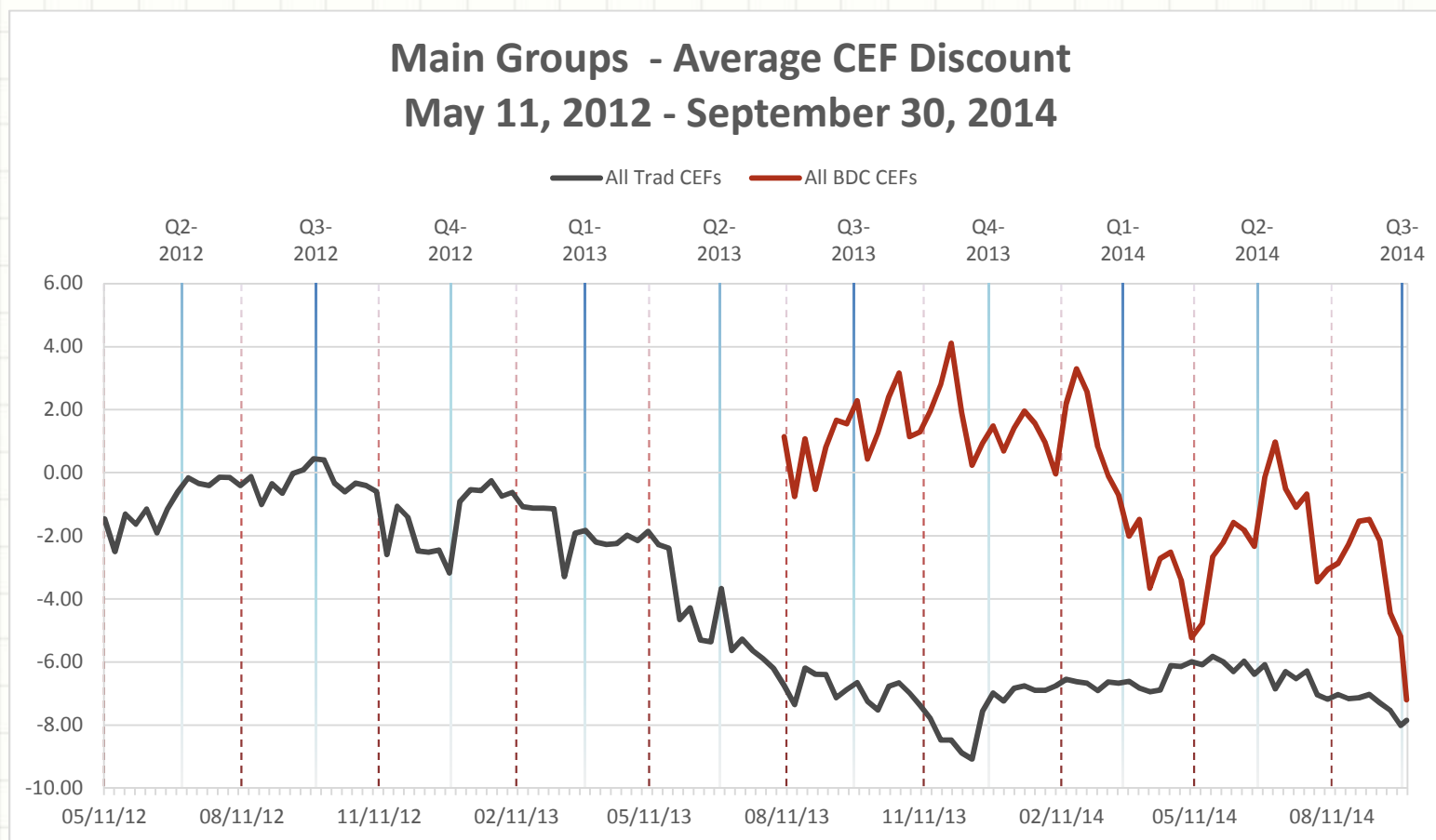
Source: CEFA's Closed-End Fund Universe (www.cefuniverse.com)



Closed-End Discount Trends

Traditional & BDC

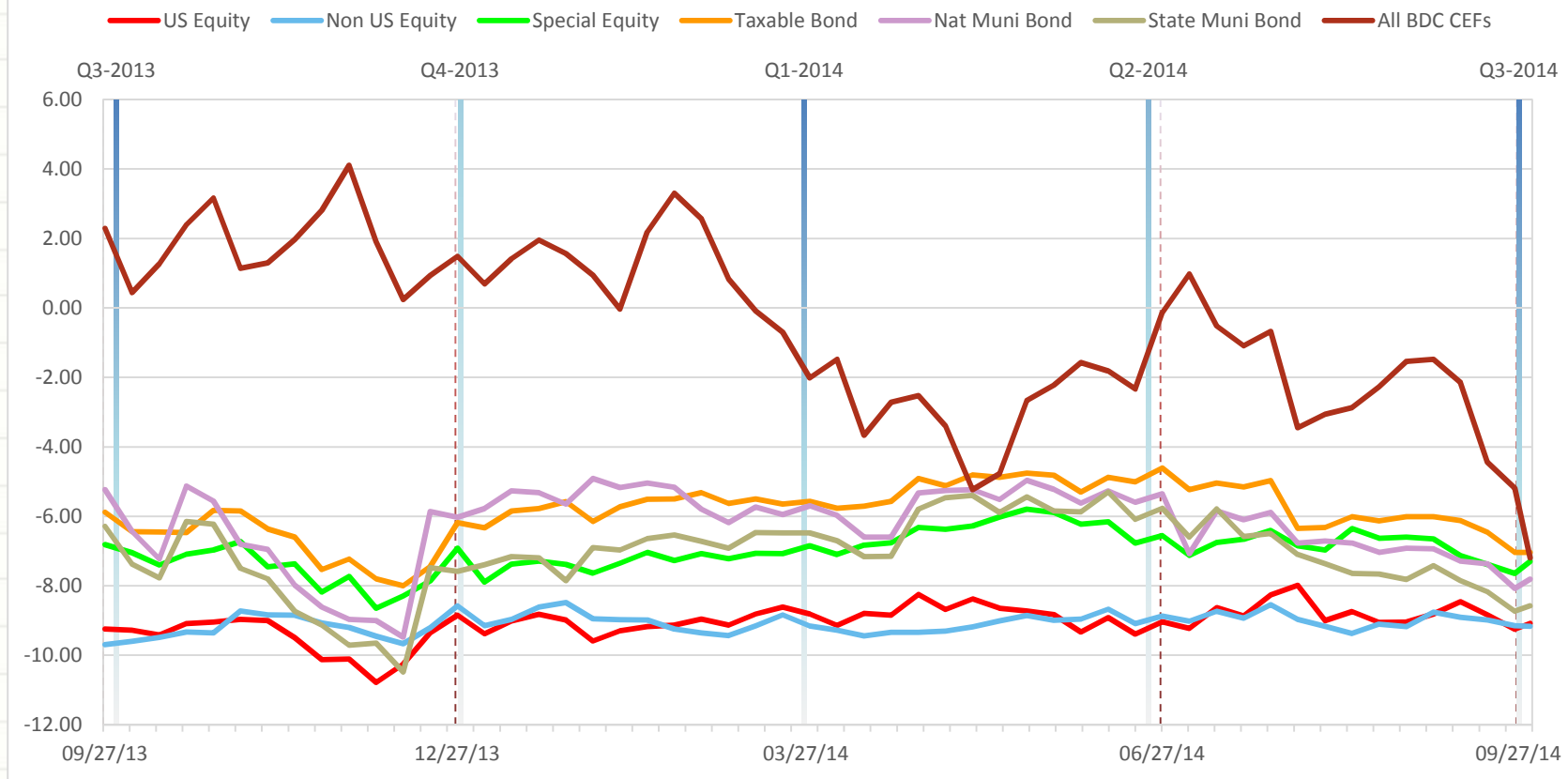
3Q 2014 Ended with *an average CEF Discount of -7.8%*



Source: CEFA's Closed-End Fund Universe (www.cefuniverse.com)

Closed-End Discount Trends

Main Peer Groups - Average CEF Discount
September 27, 2013 - September 30, 2014

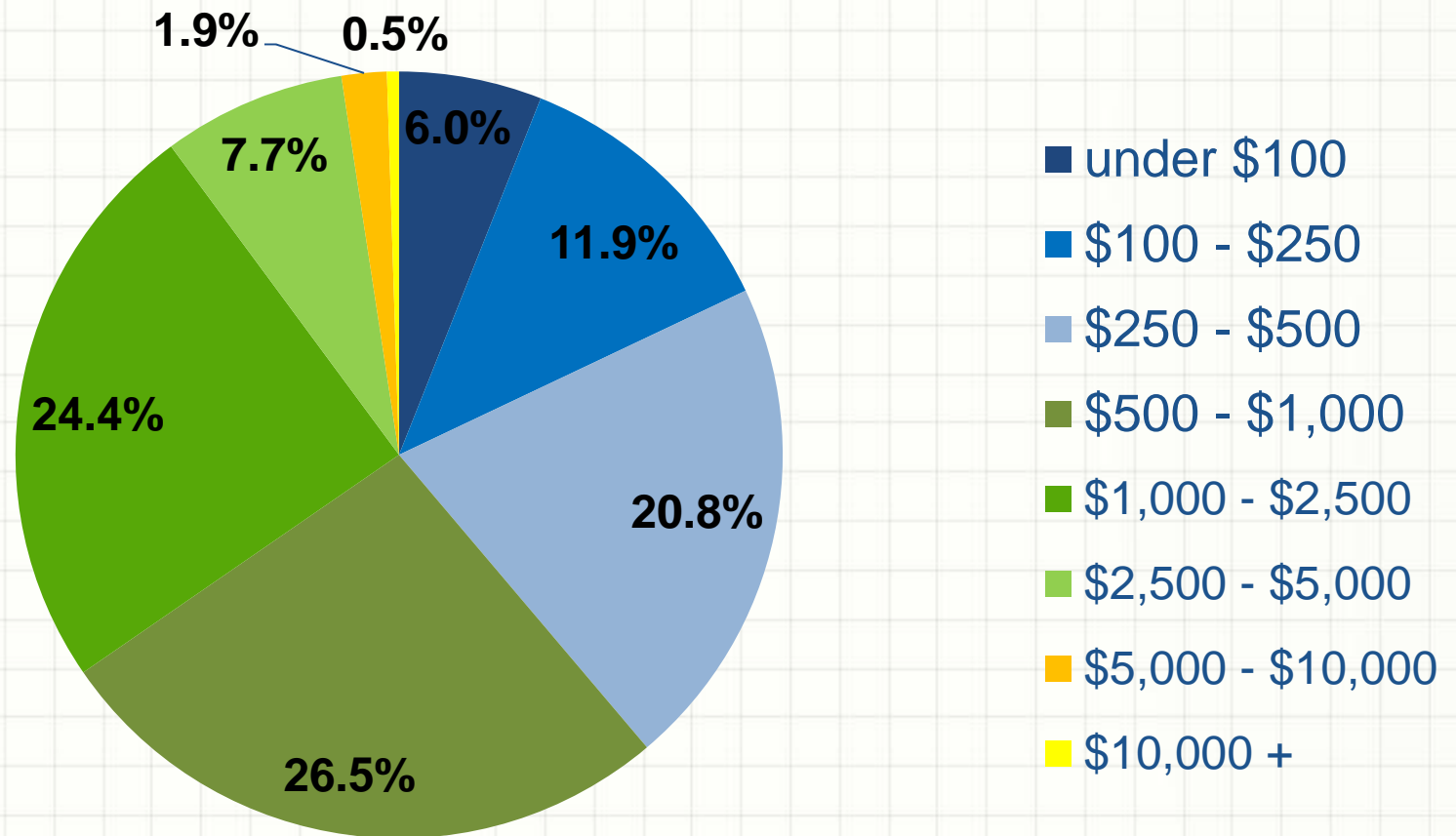


Source: CEFA's Closed-End Fund Universe (www.cefuniverse.com)

www.CEFadvisors.com

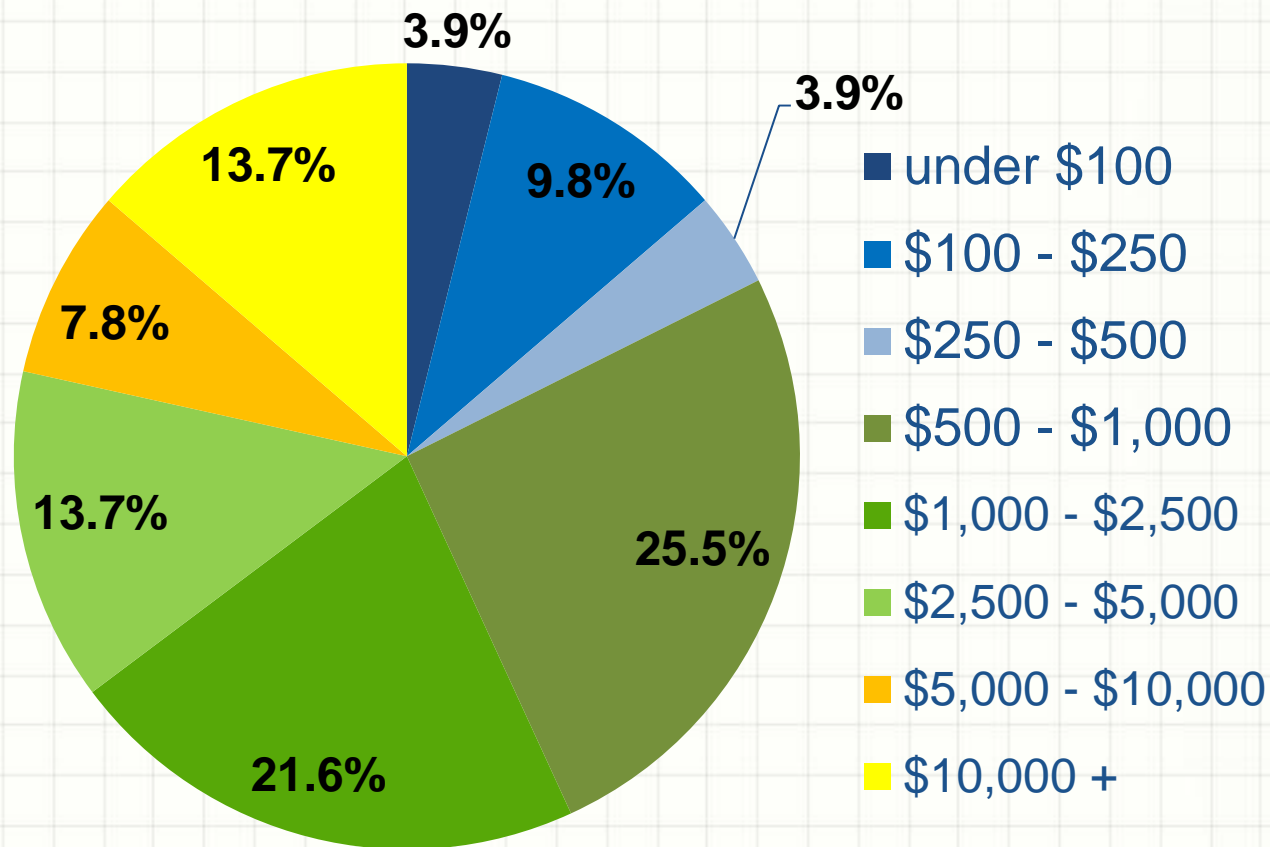


Traditional Closed-End Funds: By Average Daily Liquidity (thousands)



Note: 581 traditional closed-end funds; data as of 9/30/14, Source: CEFA's Closed-End Fund Universe (www.cefuniverse.com)

BDCs : By Average Daily Liquidity (thousands)



Note: 51 business development company CEF; data as of 9/30/14, Source: CEFA's Closed-End Fund Universe (www.cef universe.com)

CEF Volume Trends

Fund Grouping	Avg Vol 3Q	Avg Vol 2Q	Volume Trend
US Equity Funds	92,634	99,448	-7%
Non-US Equity Funds	59,884	65,041	-8%
Specialty Equity Funds	115,519	120,079	-4%
<i>Ave Traditional Equity CEF</i>	<i>96,131</i>	<i>101,329</i>	<i>-5%</i>
Taxable Bond Funds	118,177	111,323	6%
National Muni Bond Funds	67,462	70,330	-4%
State Muni Bond Funds	24,242	25,625	-5%
<i>Ave Traditional Bond CEF</i>	<i>78,262</i>	<i>77,247</i>	<i>1%</i>
<i>Average Traditional CEF</i>	<i>85,298</i>	<i>86,551</i>	<i>-1%</i>
Debt Focused BDC Funds	485,080	598,128	-19%
Equity Focused BDC Funds	297,879	473,101	-37%
<i>Average BDC</i>	<i>452,044</i>	<i>575,164</i>	<i>-21%</i>
<i>Average For ALL CEFs</i>	<i>114,987</i>	<i>124,314</i>	<i>-8%</i>



Data as of September 30, 2014

www.CEFadvisors.com

Source: CEFA's Closed-End Fund Universe Report

CEF Quiet Liquidity: More Depth in Trading

GRAB

PCI US Equity 1) Actions 97) Settings Page 1 Trade/Quote Recap USD

Trade Recap Quote Recap

From 04/15/14 04:00:00 Min Size Cond
To 04/15/14 15:18:40 Price Range High 22.97 Low 22.85

Time	BMMKR	E	Bid/Trd/Ask	E	Size*	AMMKR	Cond
15:18:40		D	22.93		.39		T,OL
15:18:40		D	22.93		1		T
15:18:40		D	22.93		1		T
15:18:40		D	22.93		1		T
15:18:40		D	22.93		6.61		T
15:18:39		T	22.92		.39		OL
15:18:39		P	22.92/22.93	N	1x2		
15:18:39		N	22.92		1		
15:18:39		K	22.91/22.93	N	19x2		
15:18:39		K	22.92		1		
15:18:39		K	22.92		6.61		
15:18:39		P	22.92		1		
15:18:39		N	22.92/22.93	N	1x2		
15:18:30		D	22.9289		1		T
15:18:30		D	22.929		1		T
15:18:16		D	22.93		1300		T
15:17:19		D	22.9288		3		T
15:17:19		K	22.92/22.93	N	7x2		
15:16:51		K	22.92/22.93	N	7x1		
15:14:24		D	22.93		1.50		T

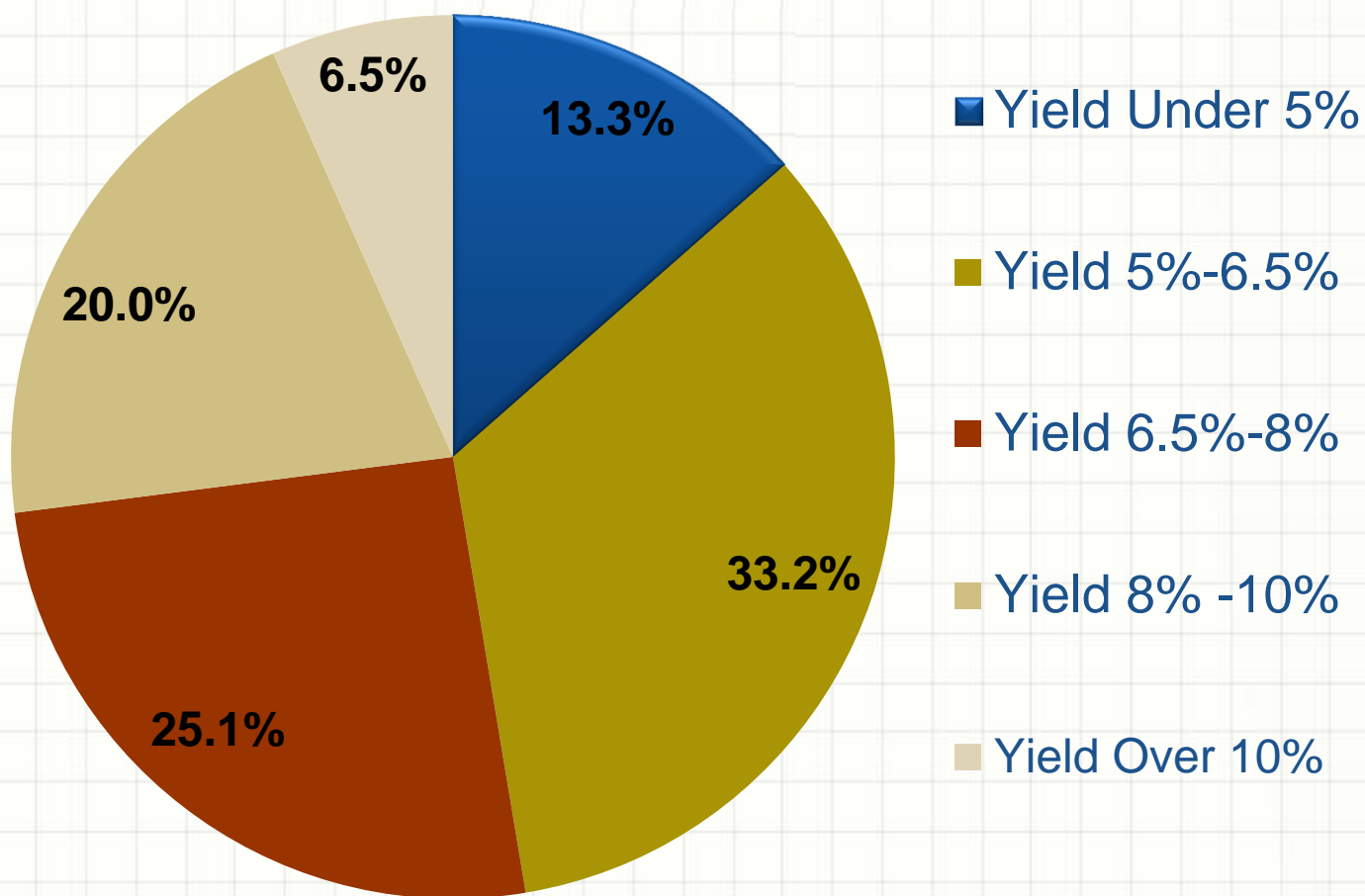
Price White: Best qt Amber: MM qt Gray: Prev qt *Size scaled by 100 Zoom 100%

Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000
Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2014 Bloomberg Finance L.P.
SN 851197 H192-4402-0 10-Jun-14 13:43:00 EDT GMT-4:00

*Bought 130k PCI (25% of ADV), on the offer.

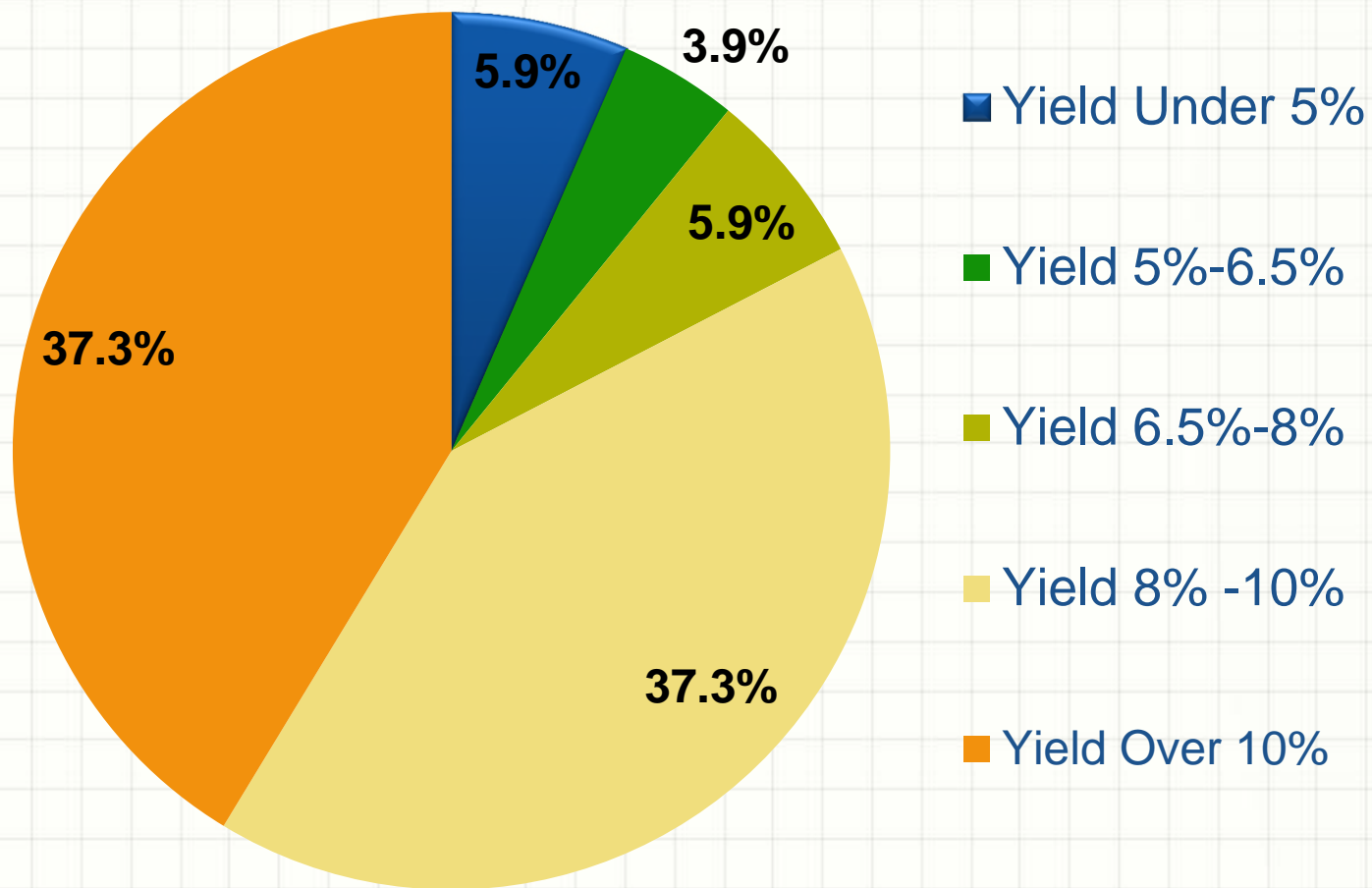
Source: WallachBeth Capital – www.wallachbeth.com

Traditional Closed-End Funds: By Yield



Note: 581 traditional closed-end funds; data as of 9/30/2014 , CEFU Report

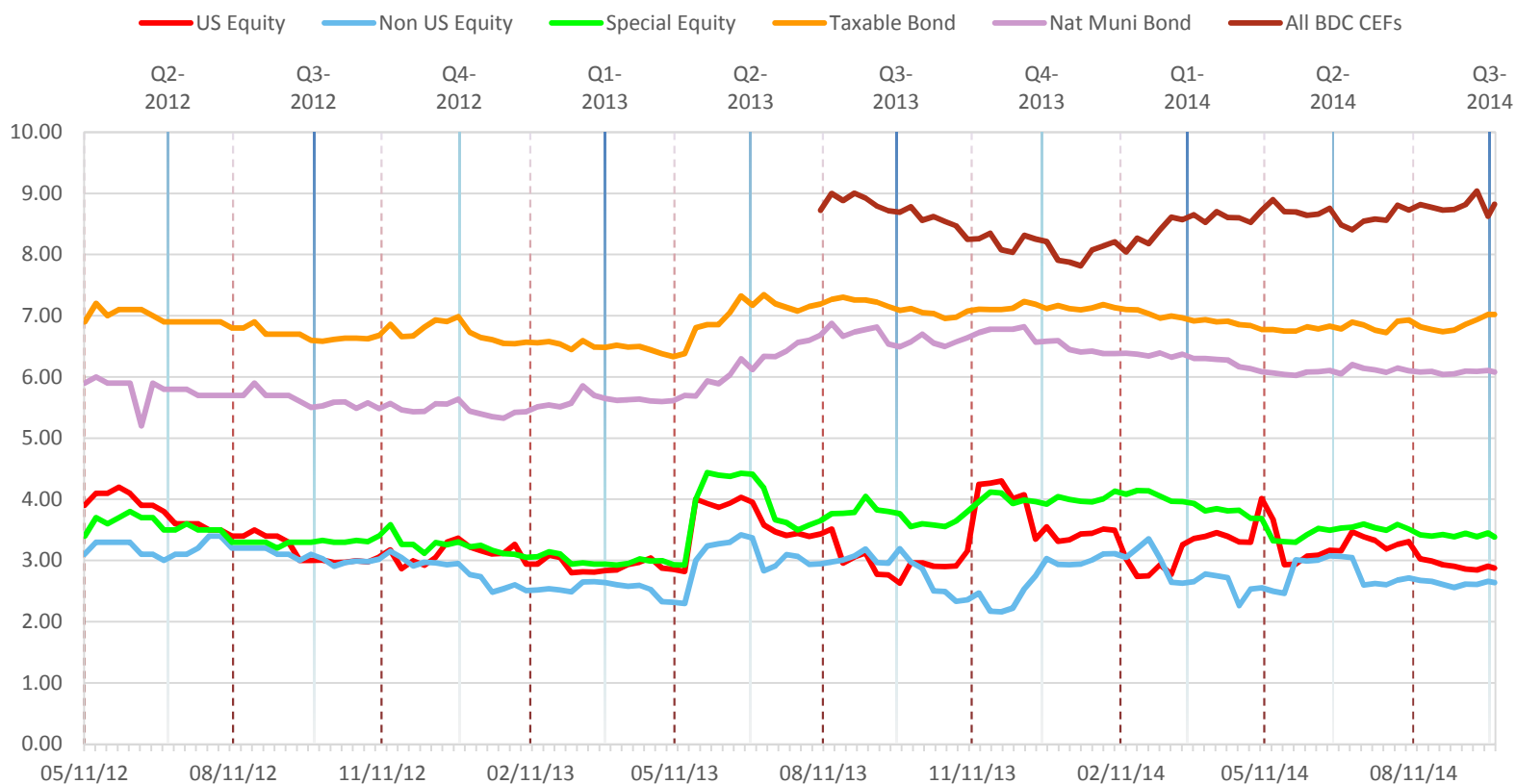
BDCs: By Yield



Note: 51 business development company CEFs; data as of 9/30/2014 , CEFU Report

Income Only Yield For Closed-End Funds

Main Peer Groups - Historical Dividend - Income only Yield
May 11, 2012 - September 30, 2014

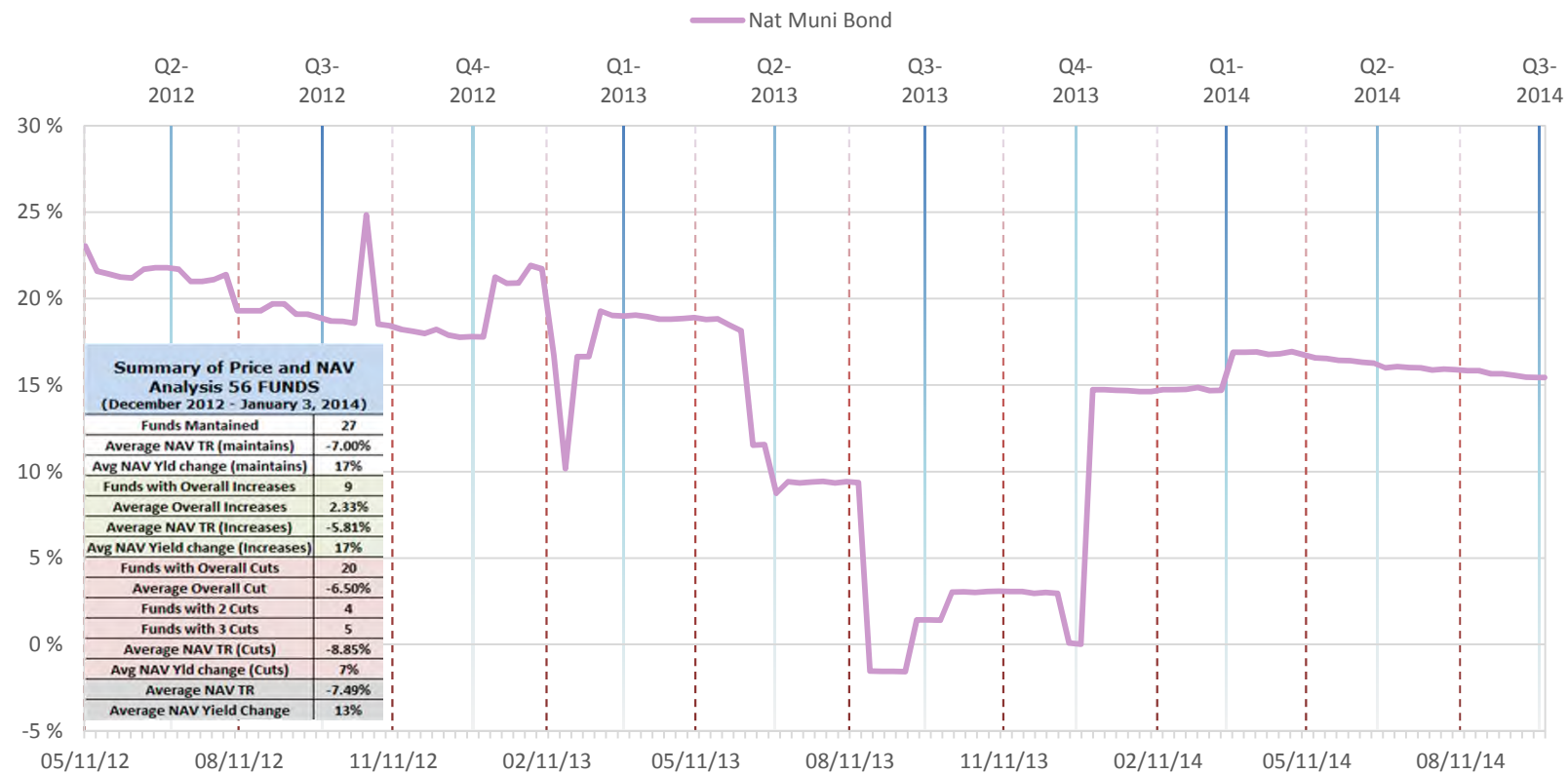


Source: CEFA's Closed-End Fund Universe (www.cef universe.com)



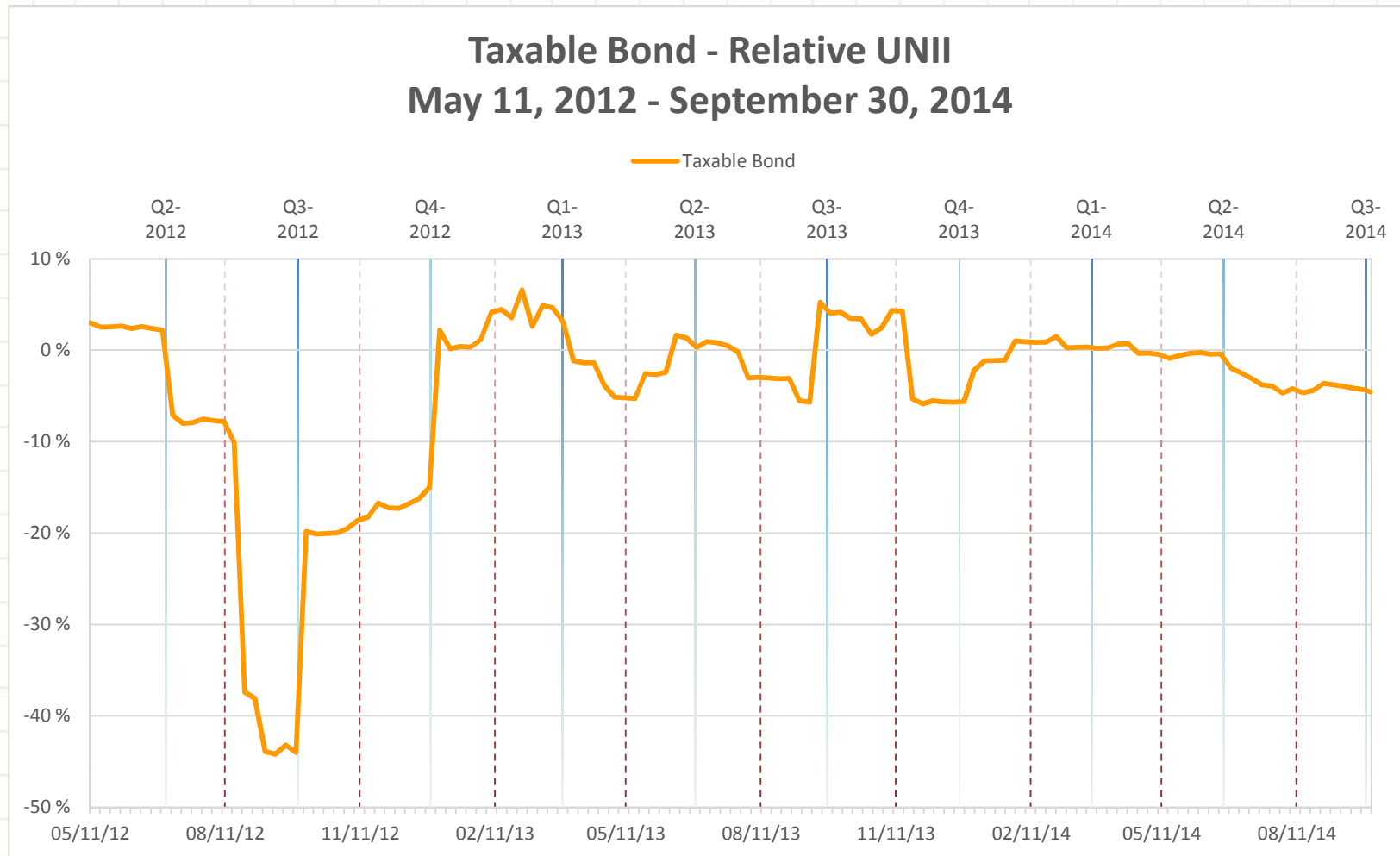
Relative UNII for Traditional CEF Municipal Bond Funds

Nat Muni Bond - Relative UNII
May 11, 2012 - September 30, 2014



Source: CEFA's Closed-End Fund Universe (www.cefadvisors.com)

Relative UNII for Traditional CEF Taxable Bond Funds

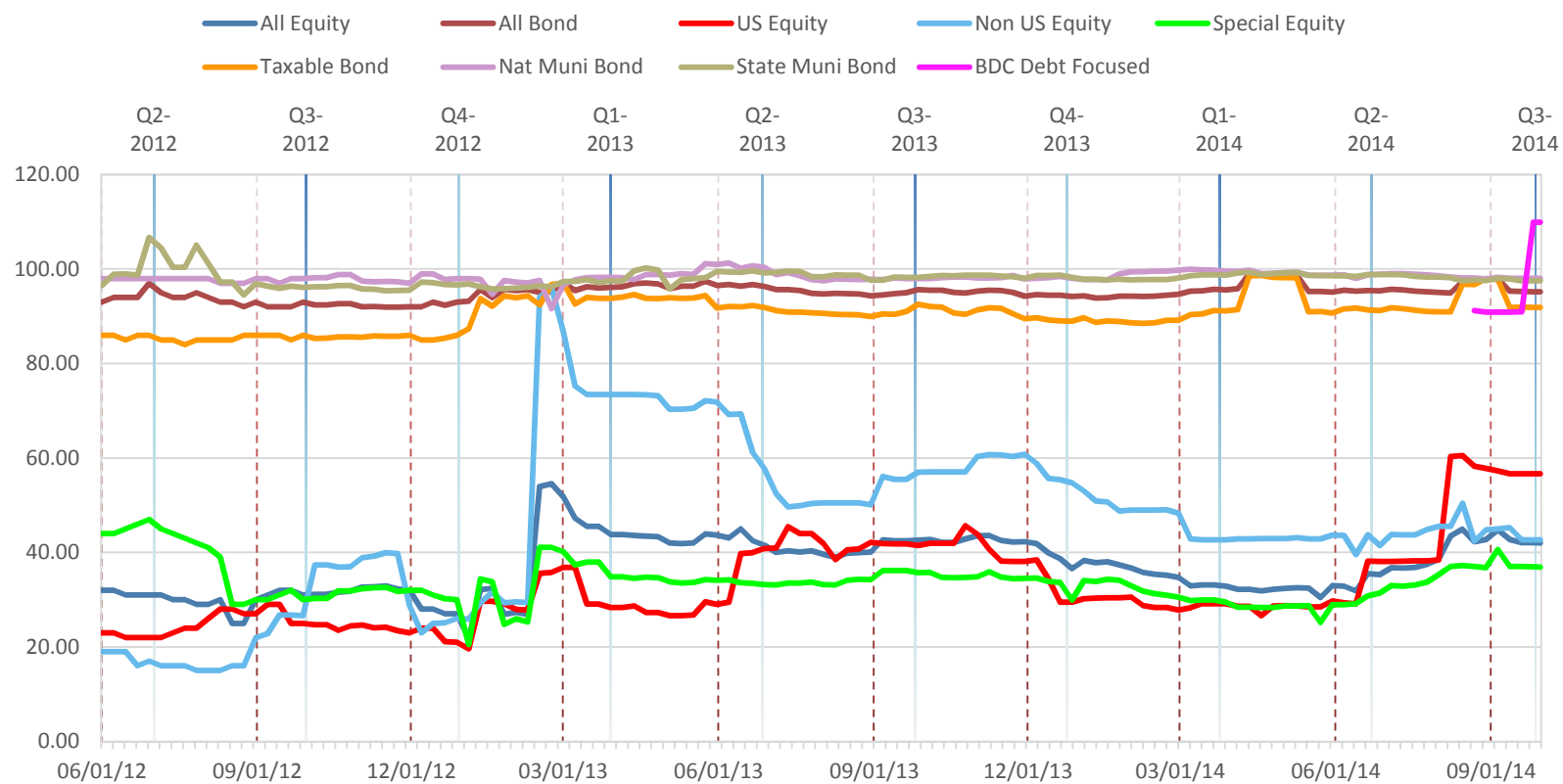


Source: CEFA's Closed-End Fund Universe (www.cefuniverse.com)



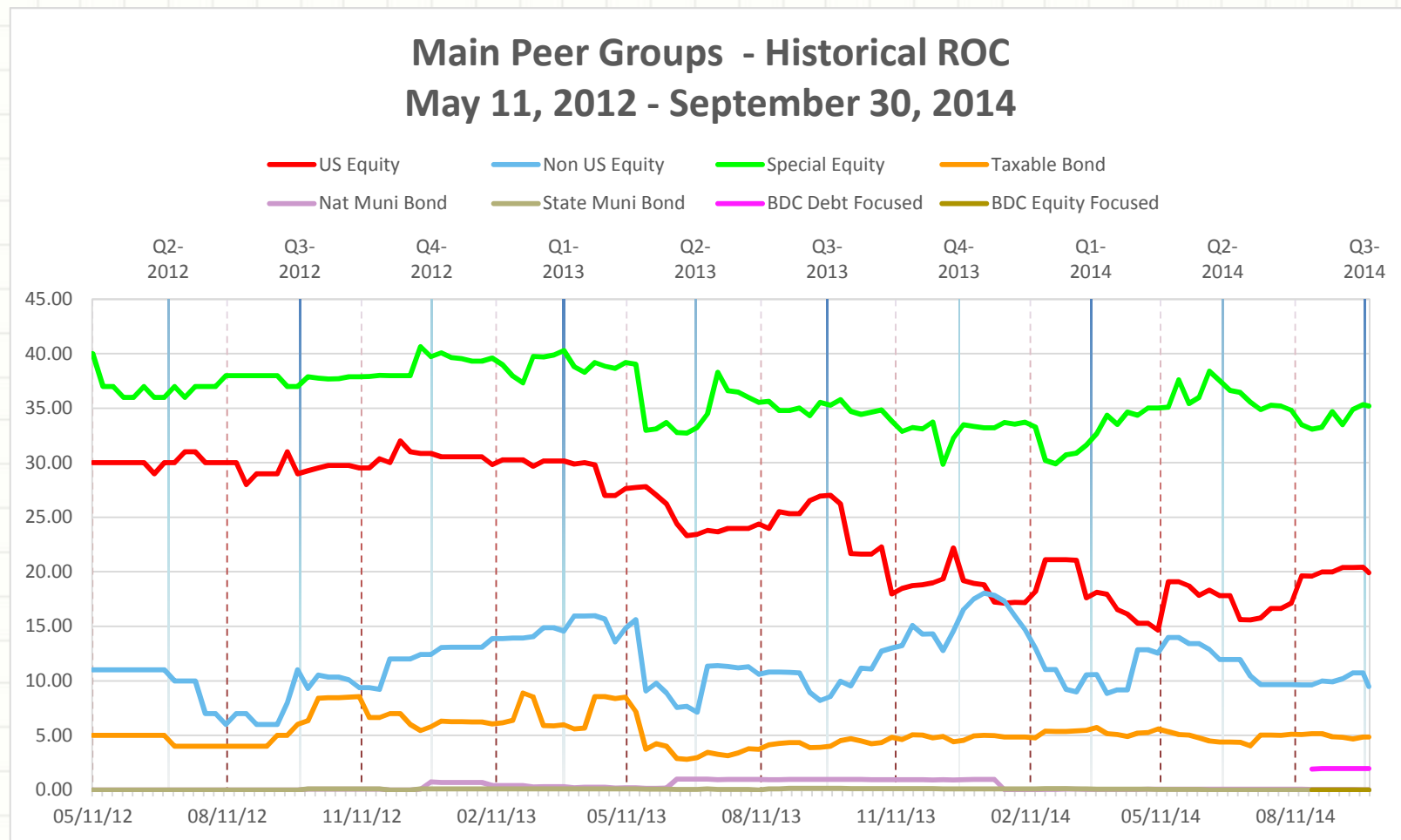
Earnings Coverage Ratio For Closed-End Funds

**Main Peer Groups - Earnings Coverage Ratio
June 01, 2012 - September 30, 2014**



Source: CEFA's Closed-End Fund Universe (www.cef universe.com)

Return of Capital (90 Day) For CEFs



Source: CEFA's Closed-End Fund Universe (www.cefuniverse.com)



Destructive Return of Capital (DRoC)

(Traditional)

Fund Grouping	# Funds with Destructive RoC	% Funds with Destructive RoC	Average Destructive RoC %
US Equity Funds	5	13%	9%
Non-US Equity Funds	13	20%	34%
Specialty Equity Funds	14	11%	36%
<i>Equity CEF</i>	32	14%	31%
Taxable Bond Funds	30	19%	13%
National Muni Bond Funds	0	0%	N/A
State Muni Bond Funds	0	0%	N/A
<i>Bond CEF</i>	30	9%	13%
Average CEF	62	11%	22%

*Whitepaper

Source: CEFA's Closed-End Fund Universe 9/30/2014
(www.cef universe.com)



Top 10 Funds with Highest Destructive RoC % (Traditional)

Rank	Ticker	Name	Classification	Destructive RoC %
1	GNT	GAMCO NtrRes Gd & Incm	Specialty Equity Funds	97%
2	GGN	GAMCO Gbl Gd NtrRes Incm	Specialty Equity Funds	89%
3	BGY	BR Intl Gwth & Incm Tr	Non U.S. Equity Funds	88%
4	IAF	Abd Australia Eq Fd	Non U.S. Equity Funds	77%
5	EXD	EV Tx-Adv Bnd & Opt Stgs Fd	Specialty Equity Funds	73%
6	CH	Abd Chile Fd	Non U.S. Equity Funds	67%
7	GDL	GDL Fund	Non U.S. Equity Funds	65%
8	BOE	BR Gbl Opp Eq Tr	Specialty Equity Funds	55%
9	MIN	MFS Imd Incm Tr	Taxable Bond Funds	51%
10	FTT	Fed Enh Treasury Incm Fd	Taxable Bond Funds	50%

Source: CEFA's Closed-End Fund Universe 9/30/14
(www.cef universe.com)



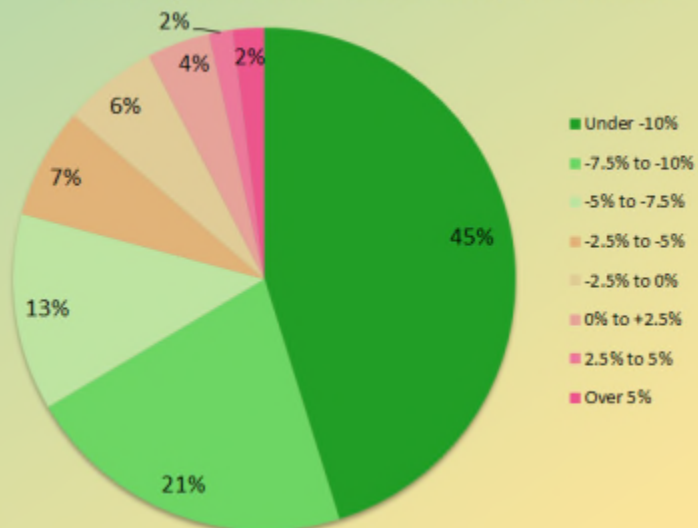
Municipal Bond Closed-End Fund Universe

	National Muni Funds	Single State Muni Funds	Total
Number of Funds	104	93	197
Net Assets (Total)	\$47,460	\$18,810	\$66,269
Net Assets	\$456	\$202	\$336
Earnings Coverage Ratio %	98.0	97.5	97.8
Premium / Discount %	-7.81	-8.57	-8.17
Total Mkt Yield %	6.08	5.60	5.85
Leverage Adj NAV Yield %	4.26	3.82	4.05
NAV Volatility	3.48	3.30	3.40
Leverage %	31.7	33.5	32.6
Leverage Cost %	0.43	0.56	0.49
Duration	9.76	9.58	9.67
Insured %	22.2	27.1	24.5
Investment Grade %	87	92	89
Credit Quality	A	A	A

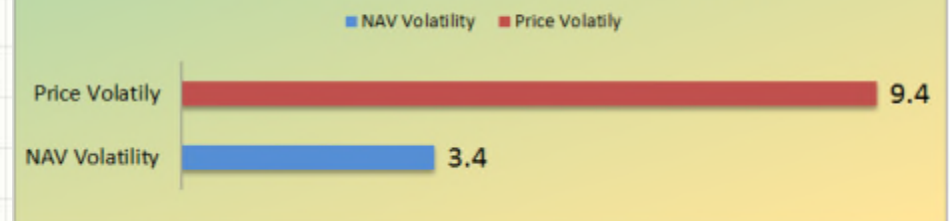
All Muni Bond Groups - Average CEF Discount
May 11, 2012 - September 30, 2014



Municipal Bonds - Discount / Premium



Municipal Bonds Volatility: Price vs NAV

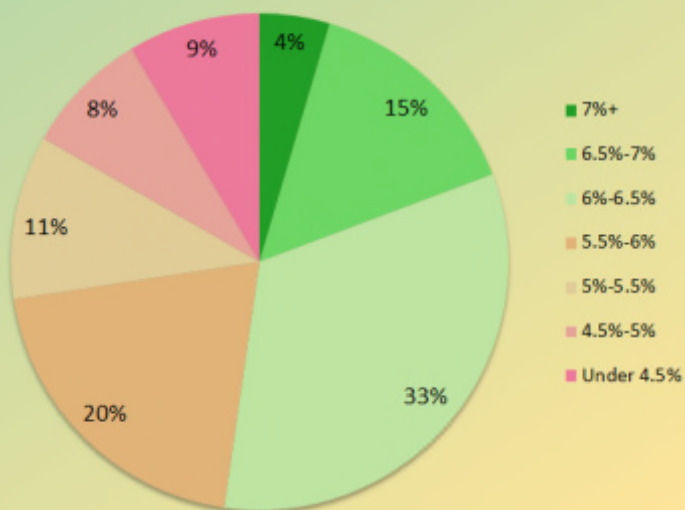


Note: Volatility is a one year rolling calculation

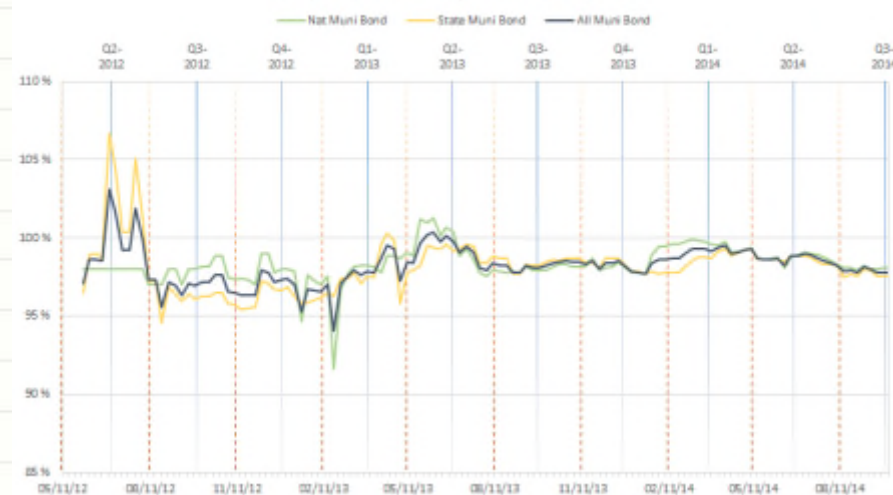
Source: Data as of September 30, 2014 from CEFA's Universe Data

Municipal Bond Closed-End Fund Universe

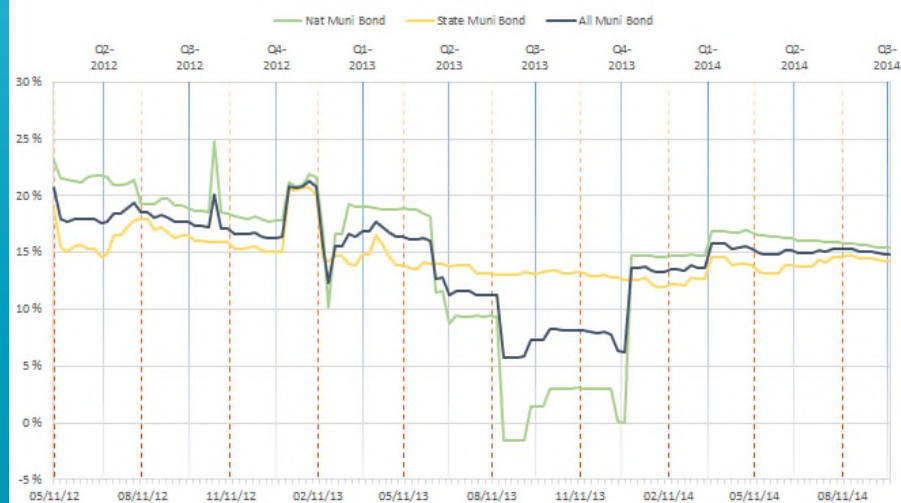
Municipal Bonds - Current Yield



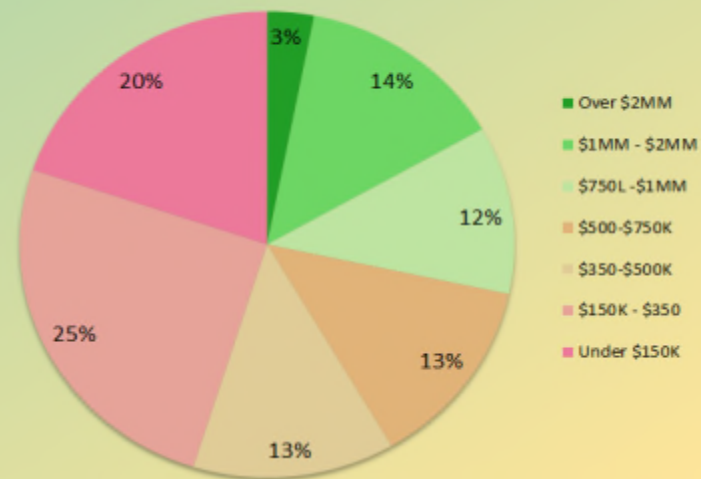
All Muni Bond Groups - Earnings Coverage Ratio
May 11, 2012 - September 30, 2014



All Muni Bond Groups - Relative UNII
May 11, 2012 - September 30, 2014



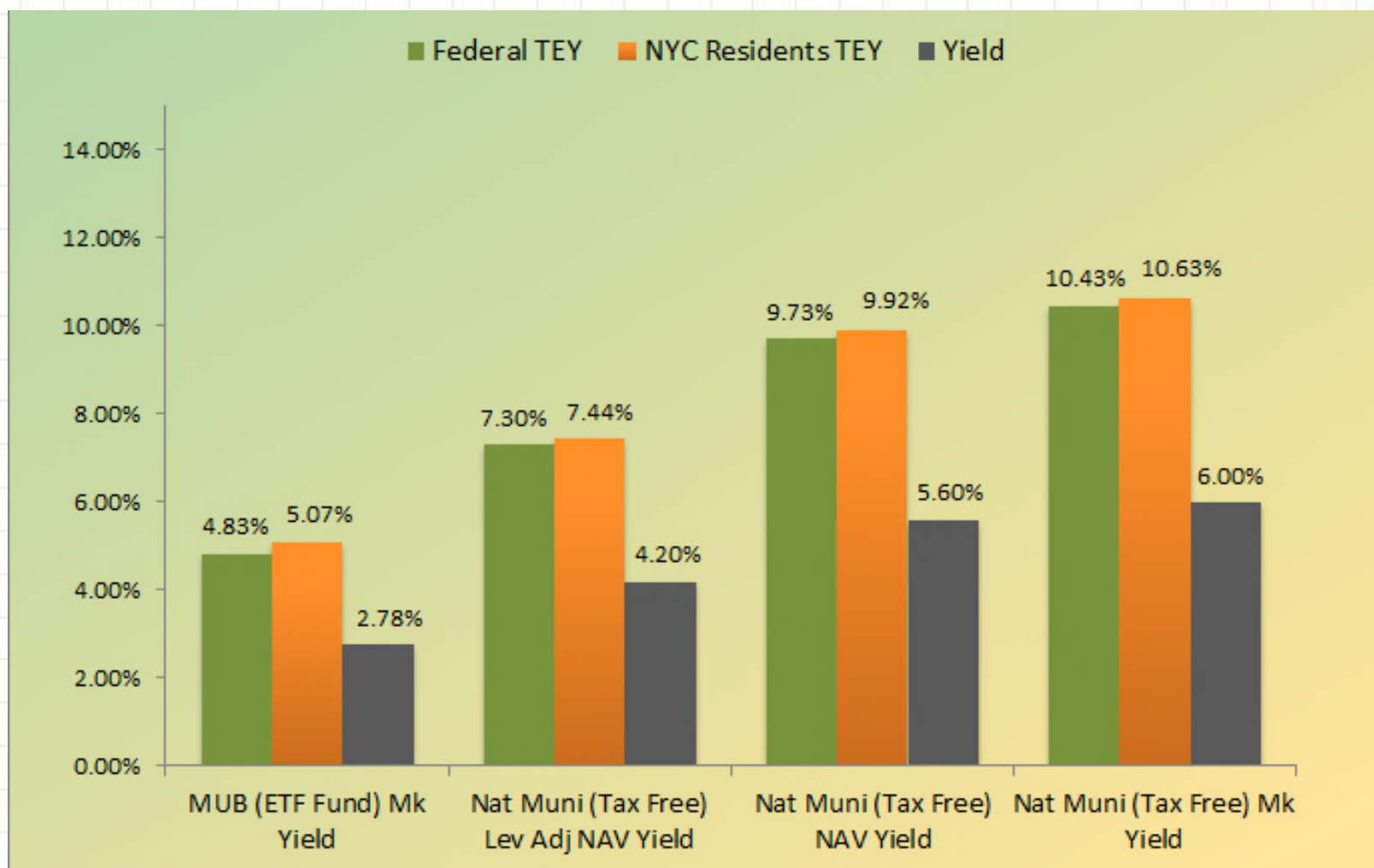
Municipal Bonds - Daily Liquidity



Source: Data as of September 30, 2014 from CEFA's Universe Data

Tax Equivalent Yield Comparison

Married Couple with W-2 Income of \$1MM+



Sources: Telemet, CEFA's Universe Data as of 9/30/14 and tax rates from IRS and NY State.

CEF Press Release SEC Filings Summary

(1841 CEF PRs in 3Q14)

Announcement Type	3Q 2014	YTD 2014	3Q 2013	Avg per Q since 2013
Rights Issue / Offering	9	28	6	8
Secondary Offering (Trad CEF)	1	8	2	2
Secondary Offering (BDCs)	25	-	-	-
Tender Offer	28	53	13	16
Distribution Policy Change(Trad CEF)	2	17	0	4
Distribution Policy Change (BDCs)	0	-	-	-
13 Filings (Trad CEF)	58	-	-	-
Investment Manager / Advisor Change	20	20	1	4
Portfolio Manager Change	7	36	1	9
Leverage Amount / Type Change	18	99	33	34

Source: Fund Press Releases / SEC Filings.



3Q 2014 Closed-End Fund Dividend Increases vs. Decreases

Dividend Announcement	Number of Announcements	Average Percentage Change
Dividend Maintains	1222 (90%)	N/A
Dividend Increases	55 (4%)	+5.15%
Dividend Decreases	80 (6%)	-5.89%
Under 5% Increase	38 (69%)	+2.17%
Over 5% Increase	17 (31%)	+11.82%
Under 5% Decrease	46 (57%)	-2.70%
Over 5% Decrease	34 (43%)	-10.21%

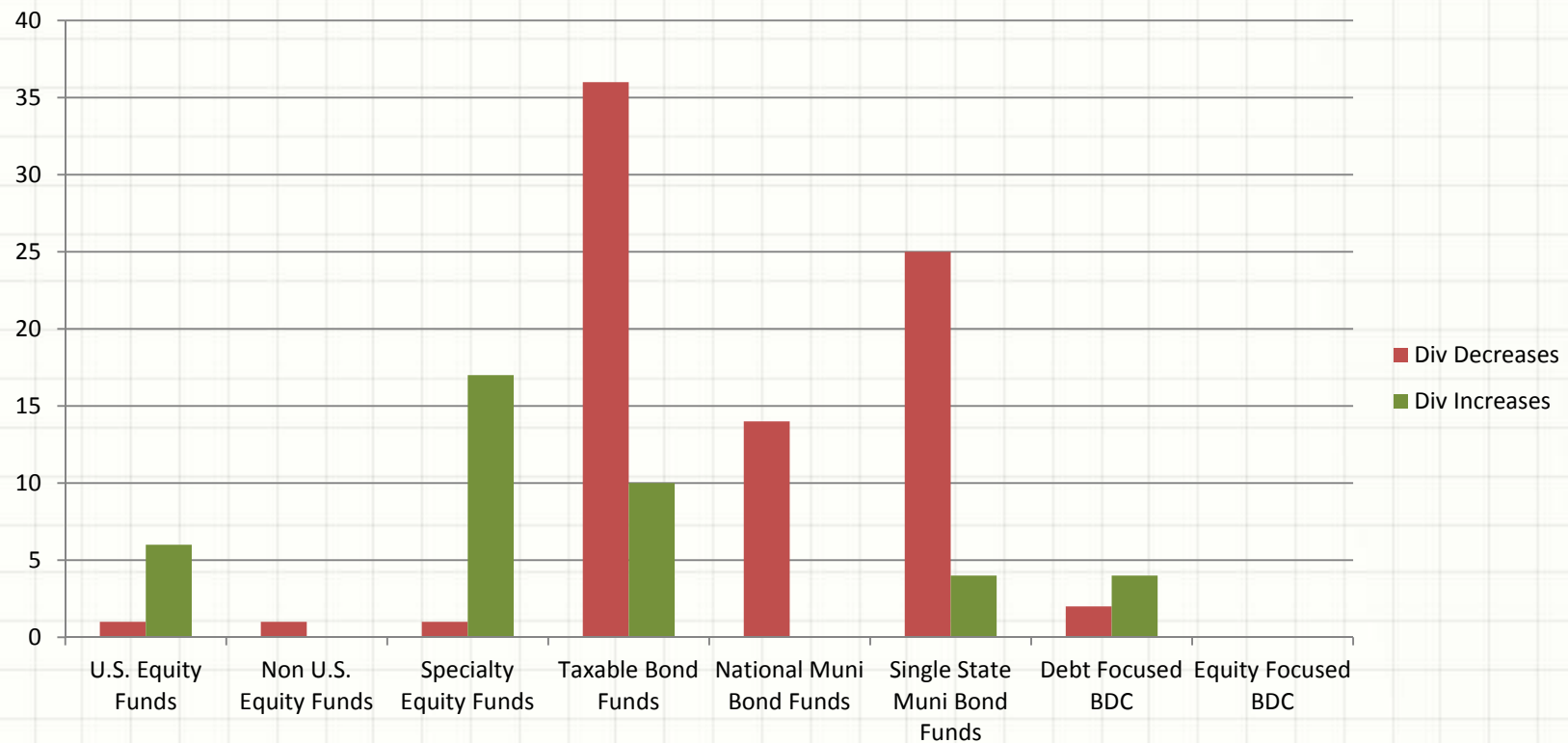
Note: We only counted monthly and quarterly paying Traditional & BDC CEFs, which is a change from the previous quarter's tables.

Source: Fund Press Releases



3Q 2014 Closed-End Fund Dividend Increases vs. Decreases

Major CEF Groups: Number of dividend decreases / increases
July 1, 2014 to September 30, 2014



Source: Fund Press Releases

3Q , YTD and 1 Year Closed-End Fund NAV / Market Price Performance

Fund Grouping	3Q NAV	3Q Mkt Pr	YTD NAV	YTD Mkt Pr	1 Yr NAV	1 Yr Mkt Pr
US Equity Funds	-2.0%	-2.1%	5.6%	6.3%	12.9%	14.3%
Non-US Equity Funds	-3.9%	-4.2%	3.7%	4.5%	5.9%	7.7%
Specialty Equity Funds	-1.6%	-2.3%	11.0%	11.8%	14.8%	14.9%
<i>Avg Traditional Equity CEF</i>	-2.3%	-2.8%	8.1%	8.8%	12.0%	12.8%
Taxable Bond Funds	-1.4%	-3.5%	5.0%	4.4%	8.0%	6.7%
National Muni Bond Funds	3.2%	0.7%	15.5%	13.9%	15.9%	13.5%
State Muni Bond Funds	3.0%	0.0%	14.2%	13.3%	14.7%	12.4%
<i>Avg Traditional Bond CEF</i>	1.2%	-1.3%	10.5%	9.6%	12.1%	10.2%
<i>Average Traditional CEF</i>	-0.2%	-1.9%	9.6%	9.3%	12.1%	11.2%
<i>Debt Focused BDC</i>	2.4%	-6.2%	6.7%	-1.8%	8.8%	0.6%
<i>Equity Focused BDC</i>	-0.1%	-6.2%	-0.9%	-3.5%	4.0%	-4.7%
<i>Average BDC</i>	1.9%	-6.2%	5.1%	-2.2%	7.9%	-0.5%



Data as of September 30, 2014

Source: CEFA's Closed-End Fund Universe Report

www.CEFadvisors.com

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Closed-End Fund Activist Update

3Q 2014

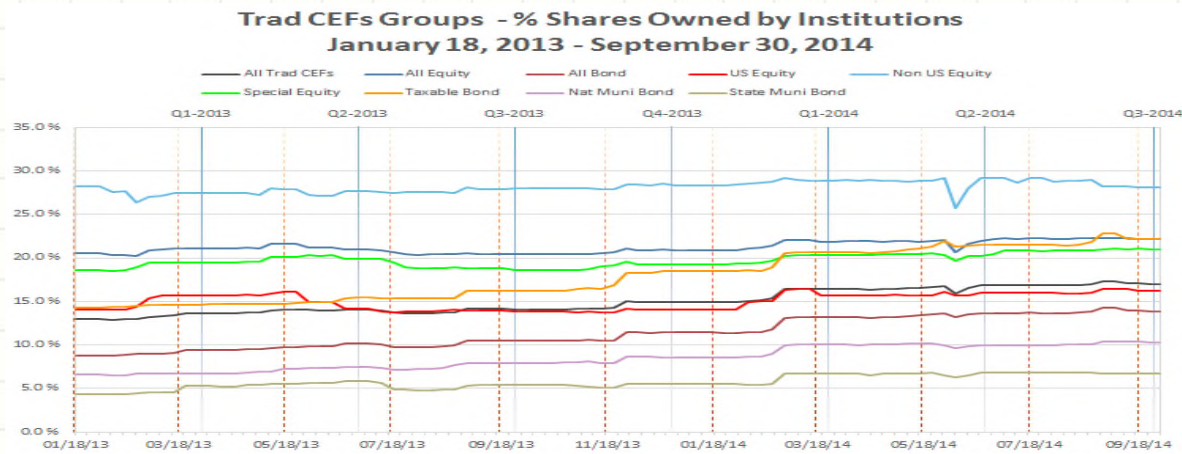
Month Filed	Filing	Closed-End Fund	Investor	Notes
Sep	13D/A	MS Emrg Mkt Fd (MSF)	Lazard	Dec(21.99%)
Sep	13G/A	Fed Enh Treasury Incm Fd (FTT)	Karpus	Inc (22.36%)
Sep	Tender	Ctrl Euro, Russia & Turkey Fd (CEE)	Public	Up to 5% (98% of NAV)
Aug	13D	Taiwan Fund (TWN)	City of London	Inc (30.60%)
Aug	13D/A	Nuv Divr Crncy Opp Fd (JGT)	Bulldog	Inc (6.88%)
Jul	13D	Deutsche Hi Incm Opp Fd (DHG)	Bulldog	Inc (6.05%)
Jul	13G	C&S MLP Incm & Nrg Opp Fd (MIE)	First Trust	12.13% New

Source: SEC Filings, Press Releases



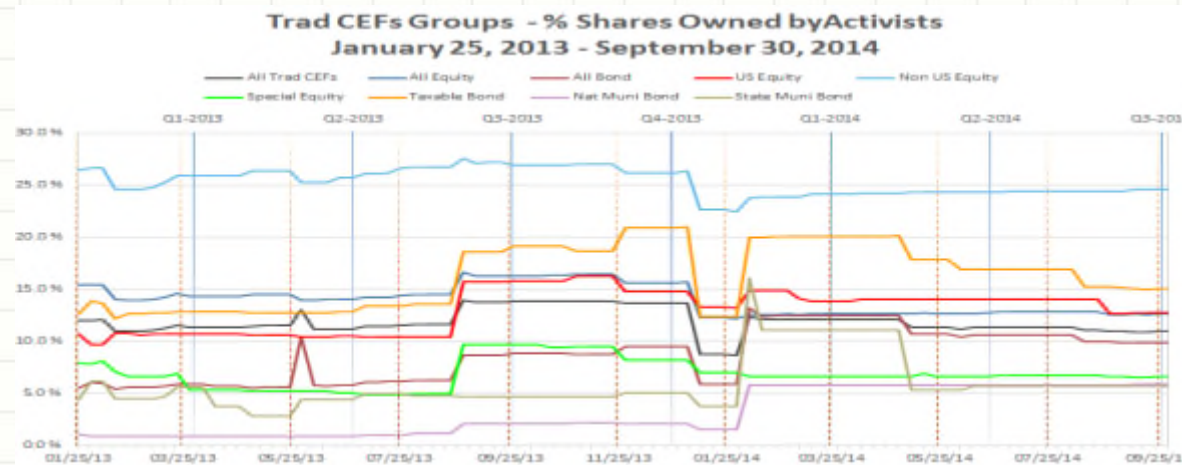
CEF Institutional & Activist Holdings

(Traditional CEFs 3Q 14)



Activist Holdings Trends
-previous 3 months-

Increase: 57 funds
Decrease: 59 funds



Source: CEFA's Closed-End Fund Universe (www.cef universe.com)



Traditional Closed-End Fund

Historical IPOs (3Q 14)

	2014 YTD	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Number of IPOs	6	25	23	19	17	13	2	40	21	47	50
Average Assets In \$ millions	\$575	\$580	\$517	\$316	\$451	\$200	\$131	\$690	\$506	\$452	\$462
Total New CEF IPO Assets in \$ Billions	\$3.5B	\$14.5	\$11.9	\$6.0	\$7.7	\$2.6	\$0.3	\$27.6	\$10.6	\$21.2	\$23.1

10 Year Average: 24 Funds per year, \$480M Ave Fund, \$12 Billion Per Year

Note: On slide 32 & 34 we had a merger that ended as a new ticker symbol, DRA, as an IPO which was a mistake in the live / replay session. We have corrected our PDFed slides and the summary article. We apologize for this error.



BDC Historical IPOs (3Q 14)

	2014 YTD	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Number of IPOs	6	4	5	7	5	1	1	5	1	2	4
Average Assets In \$ millions	\$543	\$78	\$96	\$101	\$98	\$87	\$141	\$138	\$203	\$147	\$360
Total New CEF IPO Assets in \$ Billions	\$3.3	\$0.3	\$0.5	\$0.7	\$0.5	\$0.1	\$0.1	\$0.7	\$0.2	\$0.3	\$1.4

10 Year Average: 3.5 Funds per year, \$138M Ave Fund, \$0.5 Billion Per Year



2014 IPO Details

3Q 2014

Tekla Healthcare Opportunities Fund (THQ) - Traditional CEF -

IPOed on July 28, 2014

IPO Price: \$20.00

IPO Assets: \$770M

Price as of 9/30/14: \$18.85

Disc/Prm as of 9/30/14 : -2.48%

Goldman Sachs MLP and Energy Renaissance Fund (GER) - Traditional CEF -

IPOed on September 26, 2014

IPO Price: \$20.00

IPO Assets: \$1,400M

Price as of 9/30/14: \$20.16

Disc/Prm as of 9/30/14 : 5.75%

Note: On slide 32 & 34 we had a merger than ended as a new ticker symbol, DRA, as an IPO which was a mistake in the live / replay session. We have corrected our PDFed slides and the summary article. We apologize for this error.



Source: Fund Press Releases

www.CEFadvisors.com

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IPOs during 4Q 2013 – 2Q 2014

Current Discount / Premium

IPO Date	Ticker	Fund Name	Type	Current Disc/Prm	Current Price	IPO Price	Curr vs IPO
4Q 2013	RGT	Royce Gbl Val Tr	Traditional	-11.87%	\$8.98	\$8.88	101.13%
	ARMF	Ares Multi-Stgy Cr Fd	Traditional	-8.64%	\$22.00	\$25.00	88.00%
	GMZ	GS MLP Incm Opp Fd	Traditional	-5.92%	\$19.07	\$20.00	95.35%
	BANX	StoneCastle Fin Corp	Traditional	6.55%	\$24.58	\$25.00	98.32%
1Q 2014	JMLP	Nuv All Cap Nrg MLP Opp Fd	Traditional	-2.79%	\$19.83	\$20.00	99.15%
	FPL	FT New Opp MLP & Nrg Fd	Traditional	-5.20%	\$19.52	\$20.00	97.60%
	ACSF	American Capital Senior Floating, Ltd.	BDC	-6.95%	\$14.06	\$15.00	93.73%
	CMFN	CM Finance Inc	BDC	-1.57%	\$14.40	\$15.00	96.00%
	TSLX	TPG Specialty Lending Inc	BDC	22.89%	\$19.06	\$16.00	119.13%
2Q 2014	GGZ	Gabelli Gbl Sml & Mid Cap Val	Traditional	-12.49%	\$10.23	\$12.00	85.25%
	DSE	D&P Sel Nrg MLP Fd	Traditional	-7.74%	\$17.88	\$20.00	97.60%
	FSIC	FS Investment Corp	BDC	4.77%	\$10.77	\$10.00	107.70%
	ABDC	Alcentra Capital Corp	BDC	-10.03%	\$13.28	\$15.00	88.53%
	TPVG	TP Vntr Gwth BDC Corp	BDC	0.83%	\$14.61	\$15.00	97.40%

Data as of September 30, 2014

Source: CEFA's Closed-End Fund Universe Report



Traditional Closed-End Fund NAV – Market Price Correlation

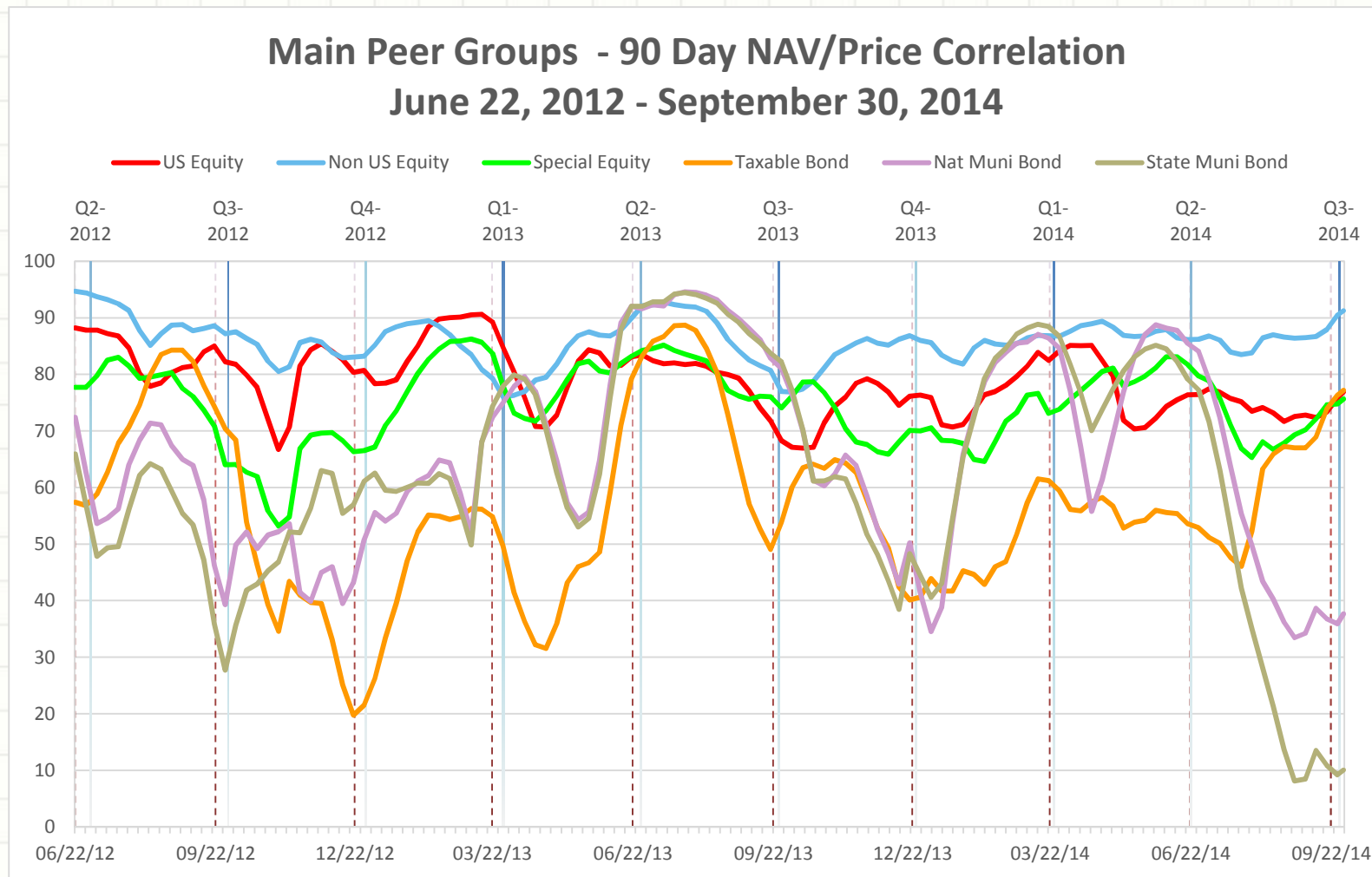
Fund Grouping	Correlation 3Q 14	Correlation 2Q 14	Correlation Trend
US Equity Funds	76.9%	76.4%	1%
Non-US Equity Funds	91.3%	86.4%	5%
Specialty Equity Funds	75.6%	78.7%	-3%
<i>Ave Equity CEF</i>	<i>80.2%</i>	<i>80.4%</i>	<i>0%</i>
Taxable Bond Funds	77.2%	52.7%	25%
National Muni Bond Funds	37.7%	83.3%	-46%
State Muni Bond Funds	10.0%	76.3%	-66%
<i>Ave Bond CEF</i>	<i>47.7%</i>	<i>67.7%</i>	<i>-20%</i>
Average CEF	60.5%	72.6%	-12%

Data as of September 30, 2014

Source: CEFA's Closed-End Fund Universe Report



Traditional Closed-End Fund 90 Day NAV – Market Price Correlation



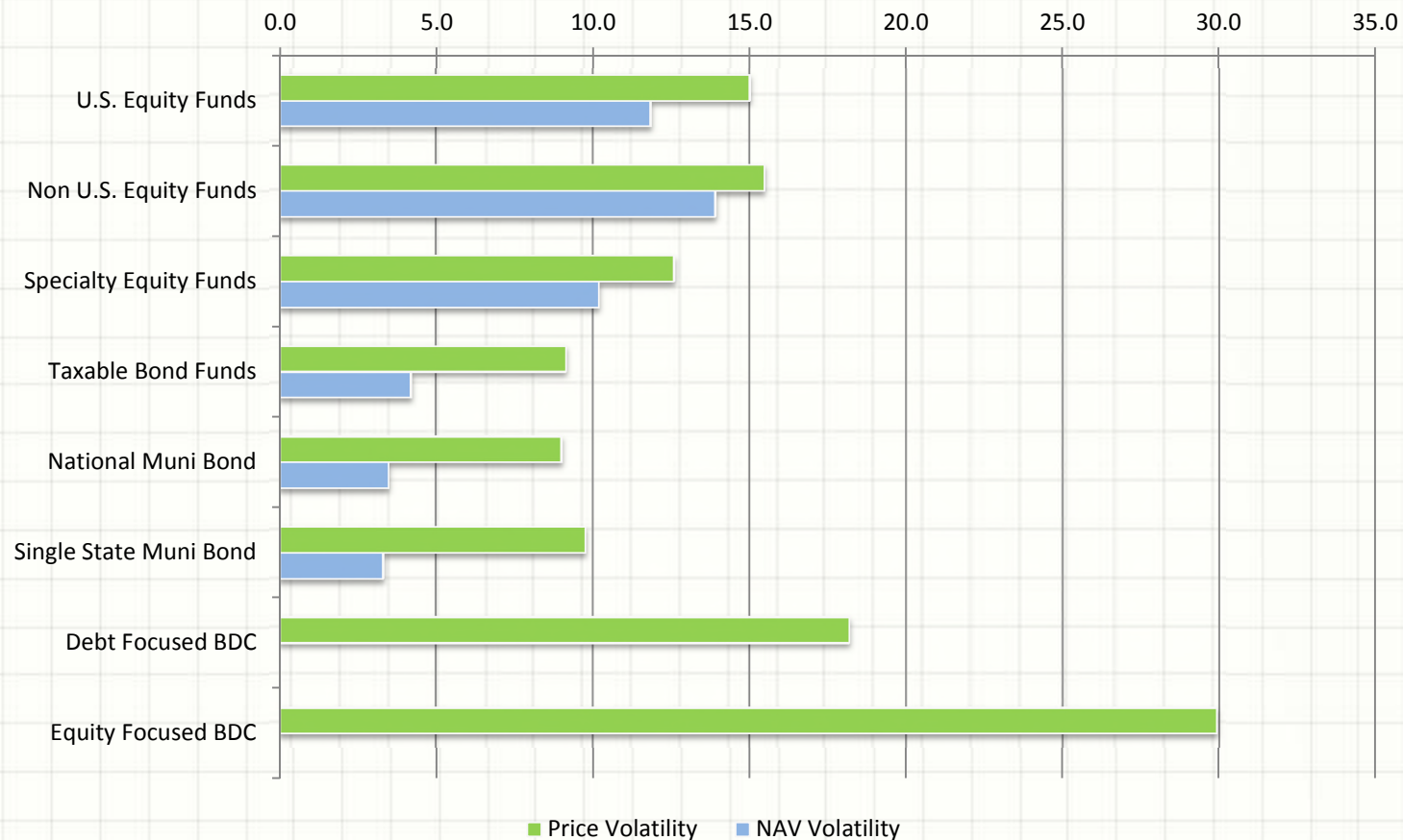
Source: September 30, 2014 - CEFA's Closed-End Fund Universe Report

www.CEFadvisors.com



Closed-End Fund

Market Price volatility vs. NAV volatility (1 Year)



Source: September 30, 2014 - CEFA's Closed-End Fund Universe Report

www.CEFadvisors.com



CEFA's Outlook for 4Q 2014

- Business Development Company (BDC) CEFs – NAV stability/growth, dividend coverage and Yield for Rising Rates, historically very cheap.
- Bond Funds (Taxable / Muni) vs. Equity Funds (US & Non US) → Why?
- Dividend Cuts expected to increased for Bond CEFs, some concern for RoC in US Equity if performance slows for their NAVs.
- CEFs Benefit From Fixed Capital. Thinking @ Pervasive Discounts.
- Muni Cheap, UNII Ok, EC positive, TEY. (2 Muni Investors)
- We like REIT, Senior Loan, Debt-BDCs, High Yield, multi-sector bond, US Equity, Emg/Global Equity, MLP (DTL, RoC and Disc Cap)* Cov Call CEFs (historically a little expensive but still good sector)
- Be Selective: Watch UNII Trend, RoC % (Destructive)/ Trends and Earnings Coverage – is data stale? Fund Sponsor differences.
- Sustainable Dividends, Lev Adj NAV Yield, vs. EC Trend% for Bond CEFs
- NAV Perf. vs. Peers “Anchor Point” - Swap As Needed 0.5 – 0.75 Rel Std Dev.
- Relative Discount and Z-Stat, Relative Discount Range: Think about time period. Cost & terms of leverage and impact in 2015.

- Are you buy and hold or are you capturing any alpha?



Closed-End Funds & BDCs in a Rising Rate Environment

Group/Sector	# CEFs	Avg Total Return on Mkt Pr.	% Funds w/ Neg TR Perf	Avg Yield Change %	% CEFs with Dividend Changes
US Equity Funds	30	+37.7%	3.3%	+100.2%*	63.3%
Non US Equity Funds	39	+133.0%	2.6%	+681.2%*	46.2%
Specialty Equity Funds	34	+30.6%	11.8%	+5.65%	79.4%
Taxable Bond Funds	95	+19.3%	4.2%	-2.06%	81.1%
National Municipal Bond Funds	89	+17.1%	2.3%	-18.91%	96.7%
State Focused Muni Bond Funds	93	+12.92%	12.4%	-15.70%	100%
Debt-Focused BDC Funds	5	+31.94%	0.0%	+4.42%	100%
Average Traditional CEF	361	+28.48%	6.4%	-2.50%	97.2%
S&P 500 TR	+42.33% TR				
Barclays Global Agg. Bond Index	+16.96% TR				
Barclays Municipal Bond Index	+13.26% TR				

Avg. Yield change is expressed in percentage terms. If the yield went from 8% to 7% the calculation would be -12.5%, not -1%. Also the column that shows the percentages of funds with dividend changes includes funds with increases, and is meant to help show which areas of the CEF universe are likely to have a higher number of funds that change their distribution policies.

Index Data from Thompson Reuters. CEF data from CEF Universe Data and Yahoo Finance.

** Over the 43 month period, US CEFs went from yields of 6.1% yields to 8.1% and Non-US CEFs went from yields of 4.9% to 6.1%. Many of the dividends came as semi-annual or annual dividends and were driven by pass through capital gains vs. income to maintain the tax-beneficial status for the fund itself.*

Full article
on our blog:
www.CEF-Blog.com

What You Asked Us to Cover

In Webinar Registration

- *Long – term bonds vs. short – term duration in a rising rate environment
- *What is the best sector to be in during a rising rate environment? (3)
- *CEFs/CEF sectors most likely to be impacted by rising rates?
- *What time frame is appropriate to use for current disc/prem vs. historical average?
- *What are the most relevant stats for evaluating CEFs?
- *How many funds per category?, What percentage of a portfolio is a fair allocation?
- *BDCs (3)/ safest BDC, Why aren't BDCs rebounding w/ dovish interest rate news?
- *Cover ETNs, such as CEFL
- *4th Quarter Outlook 2014
- *BDCs & CEFs (2), If everyone wants yield, why are CEFs so out of favor?
- *Future of distributions and safety of dividends, RoC
- *Discounts (4)
- *Tax – free CEFs, Covered Call CEF Outlook
- *PIMCO outlook (5), PSEC (2)
- *IPOs YTD (2), New fund trends
- *Impact of increased institutional & hedge fund presence
- *Municipals, after the huge run is it time to sell?
- *What to expect for tax selling 2014/ which funds to look for (2)

New Data for CEF Universe

During 3Q 2014

Traditional CEF Data: (9 Data Points Added)

- 13D Holders %
- 13G Holders %
- Combined Activist Holders %
- Short Interest %
- Zero-Coupon %
- Gross Exp Ratio Ex Lev Cost
- Inc & SCP Yield %
- Number of Bonds
- Discount Vs Average Price

**We are open to ideas on what to include*



New Data for CEF Universe

During 3Q 2014 (continued)

BDC Data (1): 42 Added

- Debt-to-Equity
- Net Investment Income (NII)
- NII/Share
- Interest Income
- Dividend Income
- Operating Expense Ratio (annualized)
- Incentive Fee
- Total Investments
- Portfolio Debt %
- Portfolio Equity %
- Lev Adj Yield
- Dividend Frequency
- NII Coverage Ratio %
- QTD Price TR
- QTD NAV TR
- Fund Focus
- 13D Holders %
- 13G Holders %
- Combined Activist Holders %
- Group
- Inception Price
- Inception Assets
- Insiders %
- % Portfolio Leverage %
- % Total Leverage
- % Lev Cost
- Short Interest %
- Core NII
- Core NII/Share
- UNII/Share

New Data for CEF Universe

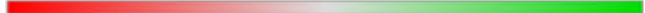
During 3Q 2014 (continued)

BDC Data (2):

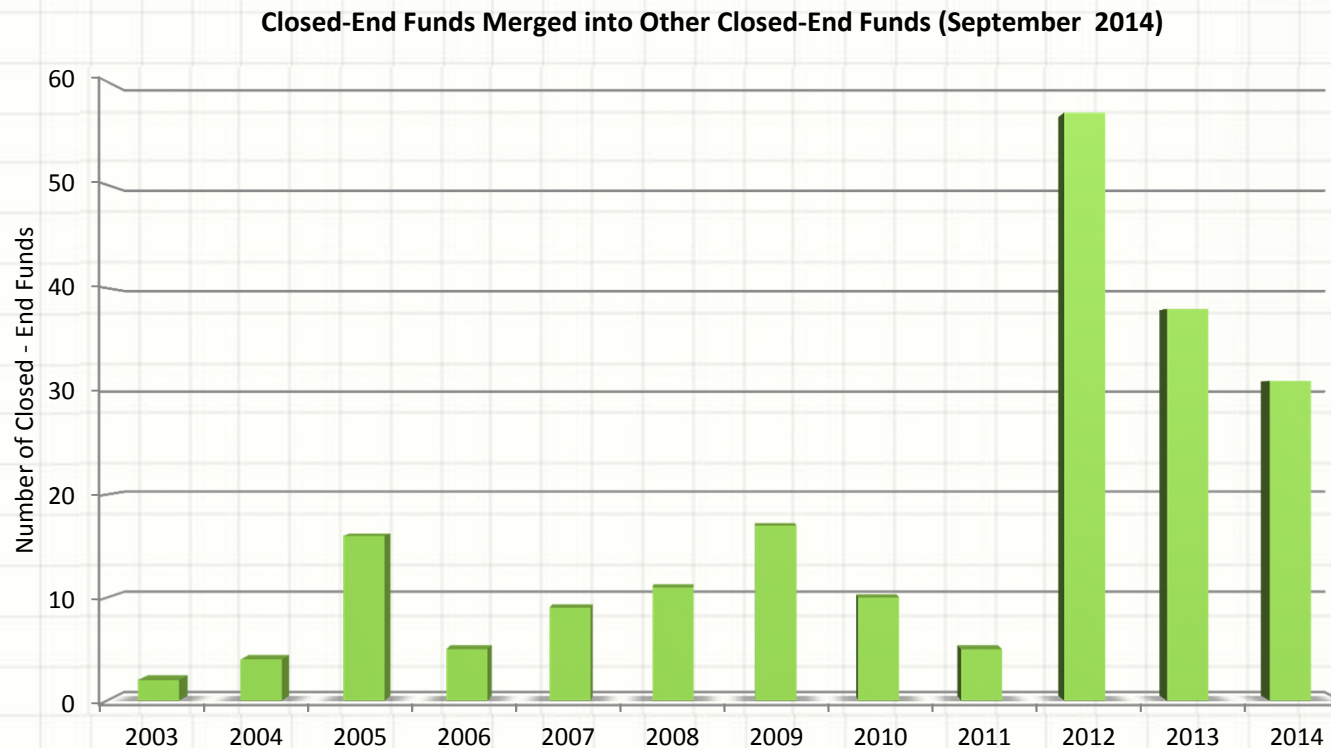
- Inc & SCP Yield %
- Shares Outstanding
- Comp Disc
- Comp 1Yr NAV TR
- Comp NII Cov
- Comp Debt-to-Equity
- Comp Exp Ratio
- Comp 30-day Liquidity
- Previous NAV
- Last NAV Announcement
- Estimated NAV Announcement
- NAV Growth %

**We are open to ideas on what to include*





Traditional Closed-End Fund Mergers



Reasons to Merge:

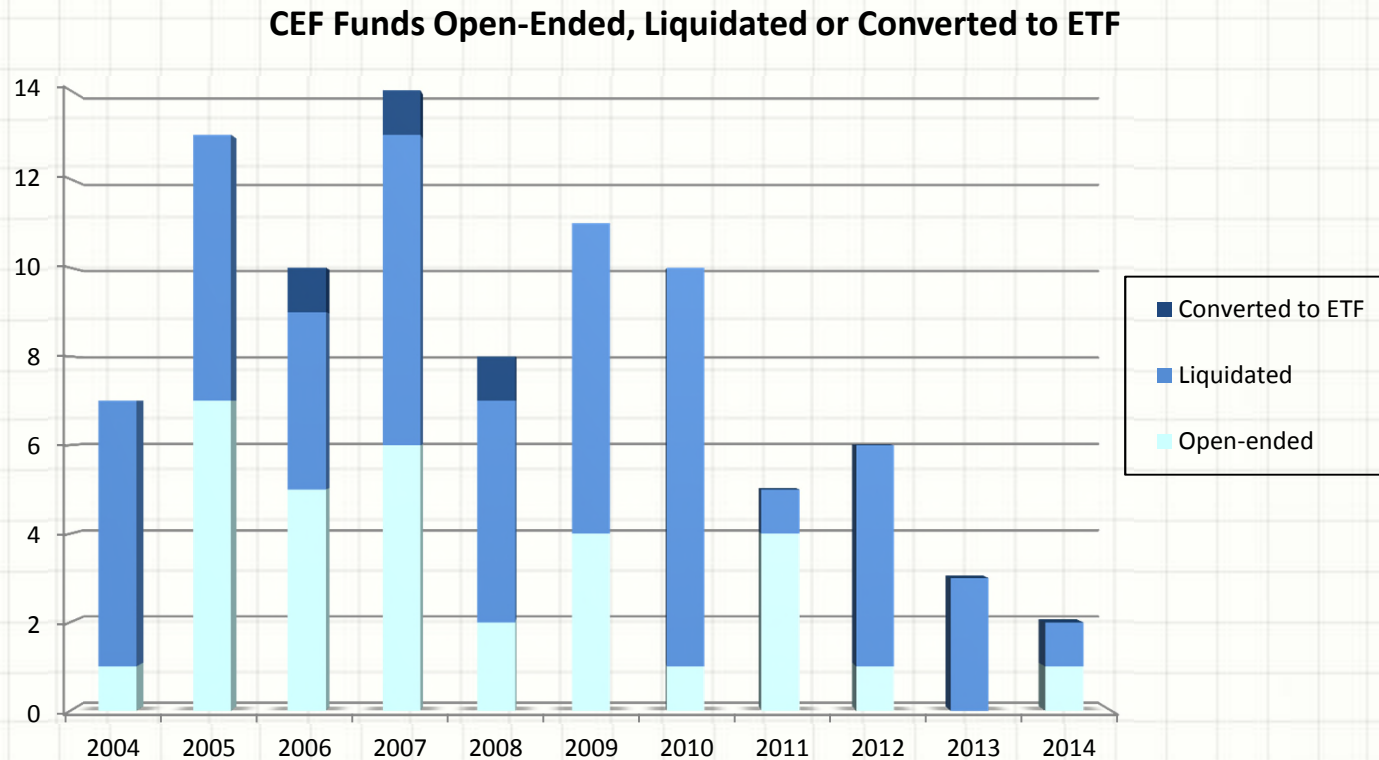
1. Reduce expense ratio
2. Increase liquidity
3. Reduce bid/ask spread
4. Improve cost of future leverage

Source: Fund Press Releases

Avg. – 15.8 per year



Closed-End Fund Deaths (Traditional)



Causes: Open-ending, liquidation & conversion

Source: Fund Press Releases



CEF Advisors Links

- **CEFA Website:** www.CEFadvisors.com
- **CEFA's Blog:** www.CEF-Blog.com
- **Published Articles**
 - Benzinga: <http://www.benzinga.com/author/john-cole-scott>
 - Seeking Alpha: <http://seekingalpha.com/author/john-cole-scott/articles>
 - WealthManagement.com: <http://wealthmanagement.com/author/john-scott>
- **Weekly CEF Data (14 Day Trial), Daily News Alerts (10 Day Trial), Best Ides List**
www.CEFUniverse.com
- **CEF Universe Data Definitions:**
<http://www.cefadvisors.com/Download/CEFUDataDefinitions.pdf>
- **CEFA's Form ADV Part 2A and 2B**
<http://www.cefadvisors.com/Download/ADV-II-Form.pdf>



For Your Information

Free CEF Resources

CEFAnalyzer LLC: <http://CEFalyzer.com>

The Closed-End Fund Association: www.Closed-EndFunds.com

CEF Connect (Nuveen Sponsored): www.CEFconnect.com

Morningstar's CEF Site:

<http://www.morningstar.com/Cover/CEF-Closed-End-Funds.aspx>

Investment Company Institute: http://www.ici.org/research#fact_books

CEFNetwork (Pristine Advisers): www.CEFnetwork.com

CEF Insight (Activist Info from AST Fund Solutions): www.CEFinsight.com

Capital Link's CEF Portal: <http://cef.capitallink.com/>

Morningstar Discussion Board:

<http://socialize.morningstar.com/NewSocialize/forums/100000006.aspx>

Yahoo CEF Discussion Board: <https://groups.yahoo.com/neo/groups/closedendfunds2/info>

The CEF Network on LinkedIn (1230 Members): www.CEF-Network.com

Seeking Alpha: <http://seekingalpha.com/articles?filters=closed-end-funds>



More Useful Links at: www.cefadvisors.com/investRes.html

Current CEFA Portfolio Models

- **Globally Diversified Growth** (1/1999)
 - 84% equity, 16% bond: tactical and wide mandate w/ 3%-4% est. yield
- **Growth & Income** (1/1999)
 - 68% equity, 30% bond: tactical and wide mandate w/ 4%-5% est. yield
- **International Opportunity** (11/2002)
 - Primarily equity oriented funds w/ little US exposure 2%-3% est. yield
- **Hybrid Income** (12/2006)
 - 68/30 split of above normal equity & bond income w/ 7.25%-8.75% est. yield
- **Foundation/Balanced** (10/2009)
 - 62/34 balance of equity & bond funds w/ 5%-6.75% est. yield
- **Conservative Diversified** (5/2009)
 - Primarily CEF-based with 38/20 balance of equity & bond funds. 36% Exposure to Non traditional equity/bond ETFs & OEFs to reduce portfolio volatility
- **Special Situations** (6/2013)
 - A focused portfolio of 4-6 CEFs looking for ideas in three areas: 1. Activist Involved Funds 2. Severe Discount Arbitrage 3. CEFA's Best Fundamental Ideas
- **Managed Municipal Bond** (8/2014)
 - Actively managed municipal bond portfolio comprising National and State funds. Constantly monitoring for diversified, high quality blended tax free yield while seeking to protect principal
- **Business Development Company (BDC)** (12/2014)
 - A portfolio comprised of 6-8 BDC CEFs where we balance both the goal for income stability or growth as well as a positive outlook to NAV and the funds market price. Yield is expected to be between 9.5% and 11% seeking growth of principal ahead of inflation. *Note:* BDC CEFs are generally more volatile and act more independently vs. peer funds than traditional CEFs. UIT available through SmartTrust.

Note: When the percentage allocations above do not add up to 100%, the balance is cash exposure for the portfolio model. (As of 6/30/14)



Principals' Biographies

George Cole Scott

Sr. Portfolio Manager, President of Closed-End Fund Advisors

George's investment career started in 1969 after joining a regional brokerage firm after a journalism career. In 1976 he and a client bought control of a deeply discounted CEF which became Bergstrom Capital. He served on the board of the fund for 27 years. In 1987 he founded *The Scott Letter: Closed-End Fund Report* which was a well regarded print newsletter ending the publication when he became a shareholder of CEF Advisors in 1996. In 1991 he co-authored the only hardback book on CEFs with a finance professor. He is a graduate of The University of Washington, holds the FINRA 66 License and is a long time member of The CFA Society and CFA Virginia. He has been widely published and interviewed and has worked with closed-end funds on a consulting basis. George is one of two CEF specialists, that we know of, with more than four decades CEF expertise.

John Cole Scott, CFS

Portfolio Manager, Executive VP of Closed-End Fund Advisors

John has worked at the firm since 2001. He sits on the firm's investment committee and holds the FINRA 66 License and the Certified Fund Specialist designation (CFS). He is a graduate of The College of William and Mary and has been quoted widely in the financial press and presented at conferences and for investment groups on more than 30 occasions. In 2008 John founded *CEFA's Closed-End Fund Universe*, a comprehensive weekly data service covering 165+ data points for traditional closed-end funds and 80+ data points on Business Development Company (BDC) CEFs. He also founded and manages The CEF Network group on LinkedIn and is editor of the firm's blog. John is a board member of The Richmond Association for Business Economics (RABE), and serves on the Standing and Investment Committees for The New York State Society of The Cincinnati.





QUESTIONS?

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