



QUARTERLY CLOSED-END FUND & BDC REVIEW AND OUTLOOK

**4th Quarter 2014 Review &
1st Quarter 2015 Outlook**

Intermediate/Advanced CEF Skill Level

January 8, 2015

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Closed-End Fund Advisors, Inc.

***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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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



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Founded in 1989



Current Closed-End Fund/BDC Options & Assets

4Q 2014 Ended with **571 US Traditional Closed-End Funds**
51 Business Development Company CEFs

- 40 US Equity CEFs
 - 121 (-5) Specialty Equity CEFs
 - 64 (+1) Non US Equity CEFs
- 225 Total Equity Traditional CEFs**
- 154 (-1) Taxable Bond CEFs
 - 103 (-1) National Municipal Bond CEFs
 - 89 (-4) Single State Municipal Bond CEFs
- 346 Total Bond Traditional CEFs**
- 42 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

	4Q 2014	3Q 2014	2Q 2014	1Q 2014	4Q 2013	3Q 2013
Total Trad CEF Equity	124,963	127,902	130,192	121,996	118,784	115,742
U.S. Equity	23,608	23,168	23,928	23,354	22,826	21,529
Non U.S. Equity	16,758	17,325	17,936	17,452	17,884	17,863
Specialty Equity	84,598	87,408	88,327	81,190	78,074	76,350
Total Trad CEF Bond	137,108	138,631	140,157	137,357	132,840	133,059
Taxable Bond	69,968	72,362	74,656	74,036	72,761	72,223
National Municipal	48,140	47,460	46,981	45,363	43,041	43,590
Single State Municipal	19,000	18,810	18,521	17,958	17,038	17,246
Total Traditional CEF	262,072	266,533	270,349	259,353	251,624	248,801
Debt Focused BDC	28,936	27,893	24,882	N/A	N/A	N/A
Equity Focused BDC	7,377	7,248	7,001	N/A	N/A	N/A
Total BDC CEF	36,312	35,140	31,884	N/A	N/A	N/A
CEF GRAND TOTAL	298,384	301,673	302,233	N/A	N/A	N/A

Source: CEFA's CEF Universe Report 12/31/14 (cefuniverse.com)

Source: CEF Universe Data



Traditional & BDC CEF Overview

Data for Major Groups

		Discount				Yield			Dividend												
Fund Sector	Funds	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 \$	Shares Inst%	Shares Activ%
EQUITY FUNDS	225 Funds	-8.07	-0.2	-0.06		3.1	8.2	6.8	24	-5		-67.3	32	13	16.0	2.7	1.71	\$555	2,345	23.32	12.71
U.S. Equity Funds	40 Funds	-9.58	0.3	0.56		3.0	8.9	7.5	15	8		-51.8	24	11	15.9	2.9	1.58	\$590	1,284	16.39	12.86
Non U.S. Equity Funds	64 Funds	-9.22	-0.1	-0.38		2.3	8.5	7.3	13	-4		-23.5	40	7	17.1	2.6	1.72	\$262	1,649	29.22	24.36
Specialty Equity Funds	121 Funds	-6.96	-0.3	-0.10		3.6	7.9	6.4	32	-10		-97.0	31	17	15.4	2.7	1.74	\$699	3,069	22.60	6.49
BOND FUNDS	346 Funds	-7.15	0.1	-0.46		6.4	6.6	4.8	2	-2		8.0	97	29	9.0	5.0	1.60	\$396	1,448	14.83	9.92
Taxable Bond Funds	154 Funds	-7.29	-0.3	-0.74		7.3	7.9	5.9	5	-3		-0.1	97	25	9.6	4.7	1.69	\$454	2,372	23.48	15.19
National Muni Bond	103 Funds	-6.67	0.5	-0.20		5.9	5.9	4.2	0	0		14.5	98	31	7.9	4.6	1.41	\$467	961	10.62	5.80
Single State Muni Bond	89 Funds	-7.47	0.4	-0.29		5.5	5.5	3.8	0	-6		13.8	97	33	9.1	5.9	1.67	\$213	411	7.55	5.68
Traditional CEF AVERAGE	571 Funds	-7.51	0.0	-0.3		5.1	7.3	5.6	11	-3		-17.4	72	23	11.7	4.1	1.64	\$459	1,800	18.05	11.01
		Discount				Yield			Dividend												
Fund Sector	Funds	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 \$		Shares Activ%
Debt Focused BDC CEF	42 Funds	-9.32		-0.23	-0.35	10.5	10.7	7.0	0			-0.5	94	38	19.6		9.34	\$689	5,775		8.73
Equity Focused BDC CEF	9 Funds	-28.86		-0.11	-0.13	1.5	7.4	4.3	0			-0.2	-54	13	28.1		5.71	\$820	3,632		16.11
BDC CEF AVERAGE	51 Funds	-12.77		-0.2	-0.3	9.7	10.4	6.8	0			-0.4	82	33	21.3		8.70	\$712	5,397		10.03
OVERALL CEF AVERAGE	622 Funds	-7.95		-0.3		5.5	7.5	5.7	10				73	23	12.4		2.23	\$480	2,096		10.93

Source: CEFA's Closed-End Fund Universe 12/31/14
(www.cef universe.com)

CEF Universe Update

Fund Grouping	Discount / Premium		4Q NAV TR		4Q Price TR	
	Discount	Premium	Positive	Negative	Positive	Negative
Equity Traditional CEFs	205 (91%)	20 (9%)	134 (60%)	89 (40%)	111 (49%)	112 (50%)
Taxable Bond Traditional CEFs	140 (91%)	14 (9%)	37 (24%)	115 (75%)	45 (29%)	107 (69%)
Municipal Bond Traditional CEFs	167 (87%)	25 (13%)	190 (99%)	2 (1%)	180 (94%)	12 (6%)
BDCs	42 (82%)	9 (18%)	45 (88%)	0 (0%)	18 (35%)	33 (65%)
ALL CEFs	554 (89%)	68 (11%)	406 (60%)	206 (33%)	354 (57%)	264 (42%)

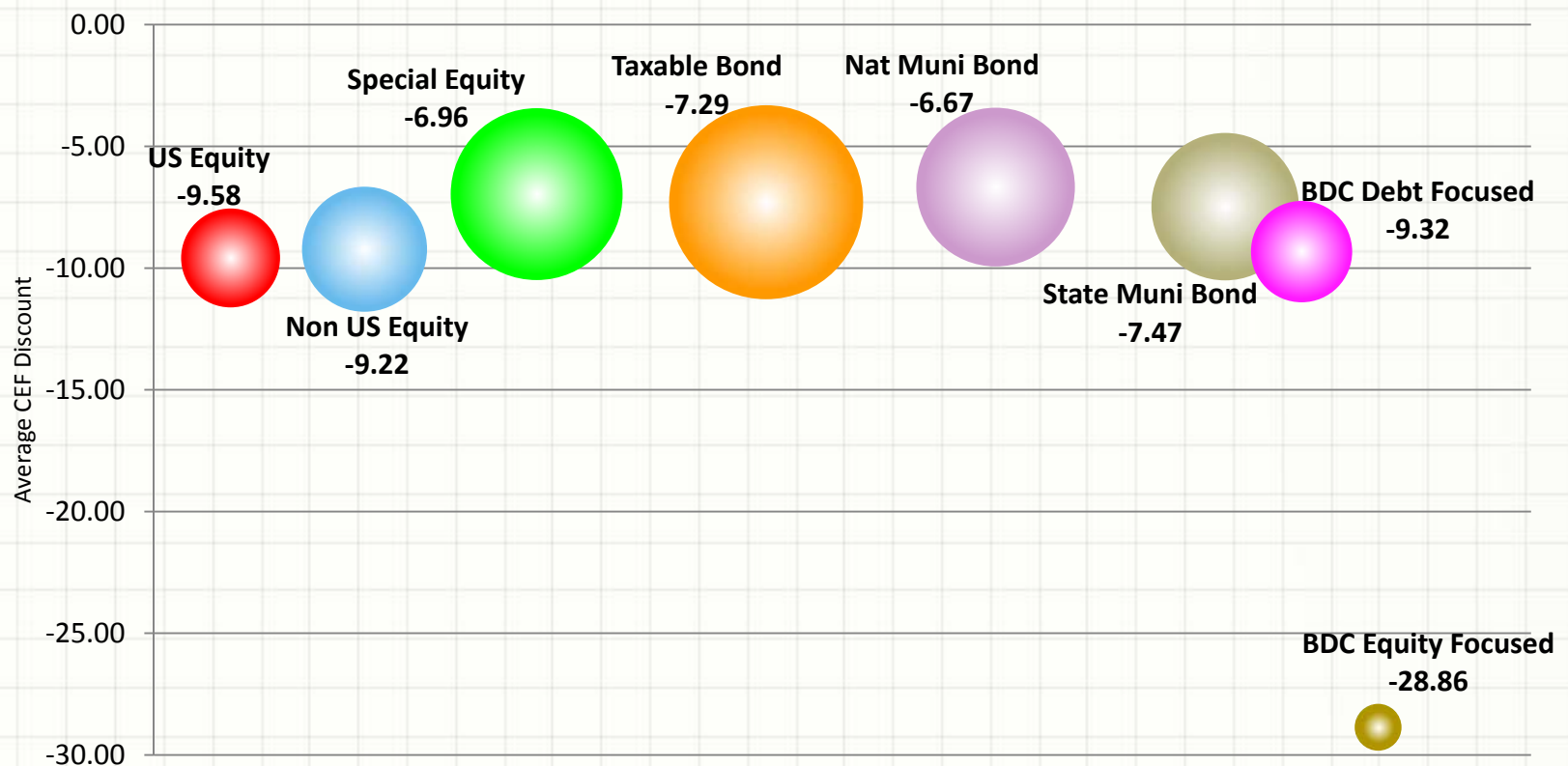
Data as of December 31, 2014

Source: CEFA's Closed-End Fund Universe Report



Current Closed-End Discounts

Avg CEF Discount % as of December 31, 2014

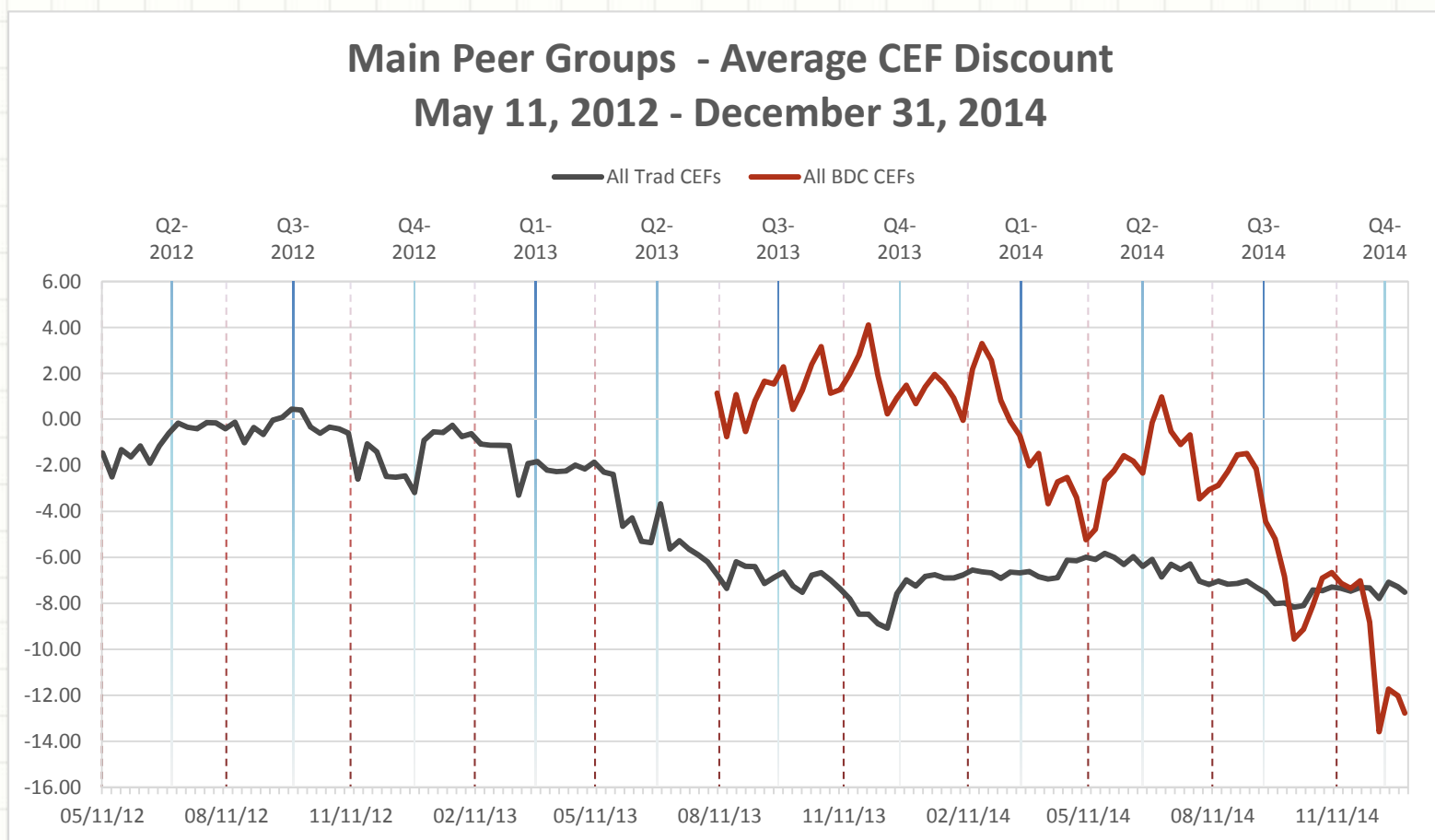


Source: CEFA's Closed-End Fund Universe (www.cefuniverse.com)

Closed-End Discount Trends

Traditional & BDC

4Q 2014 Ended with *an average CEF Discount of -7.95%*

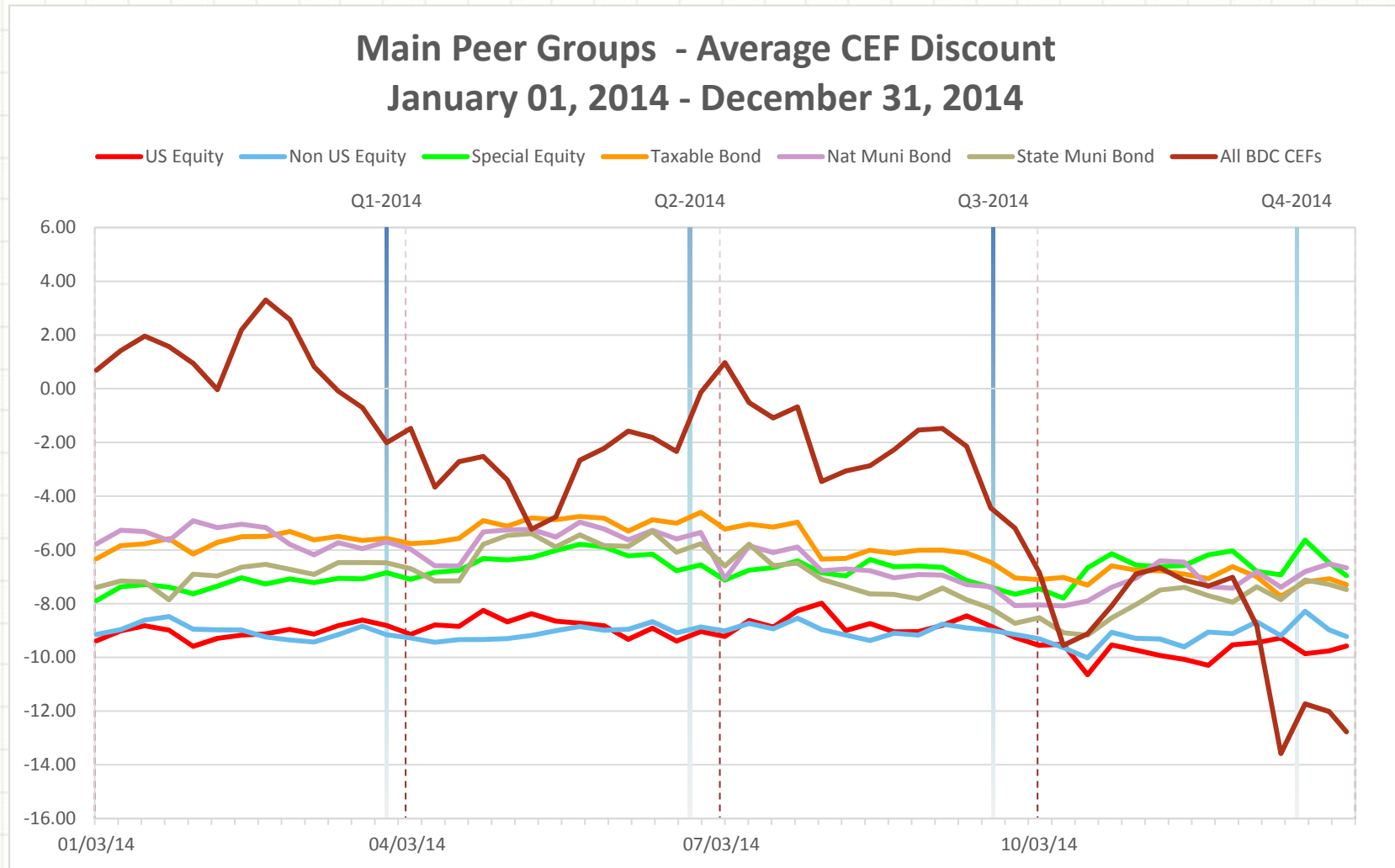


Source: CEFA's Closed-End Fund Universe (www.cefuniverse.com)

www.CEFadvisors.com



Closed-End Discount Trends

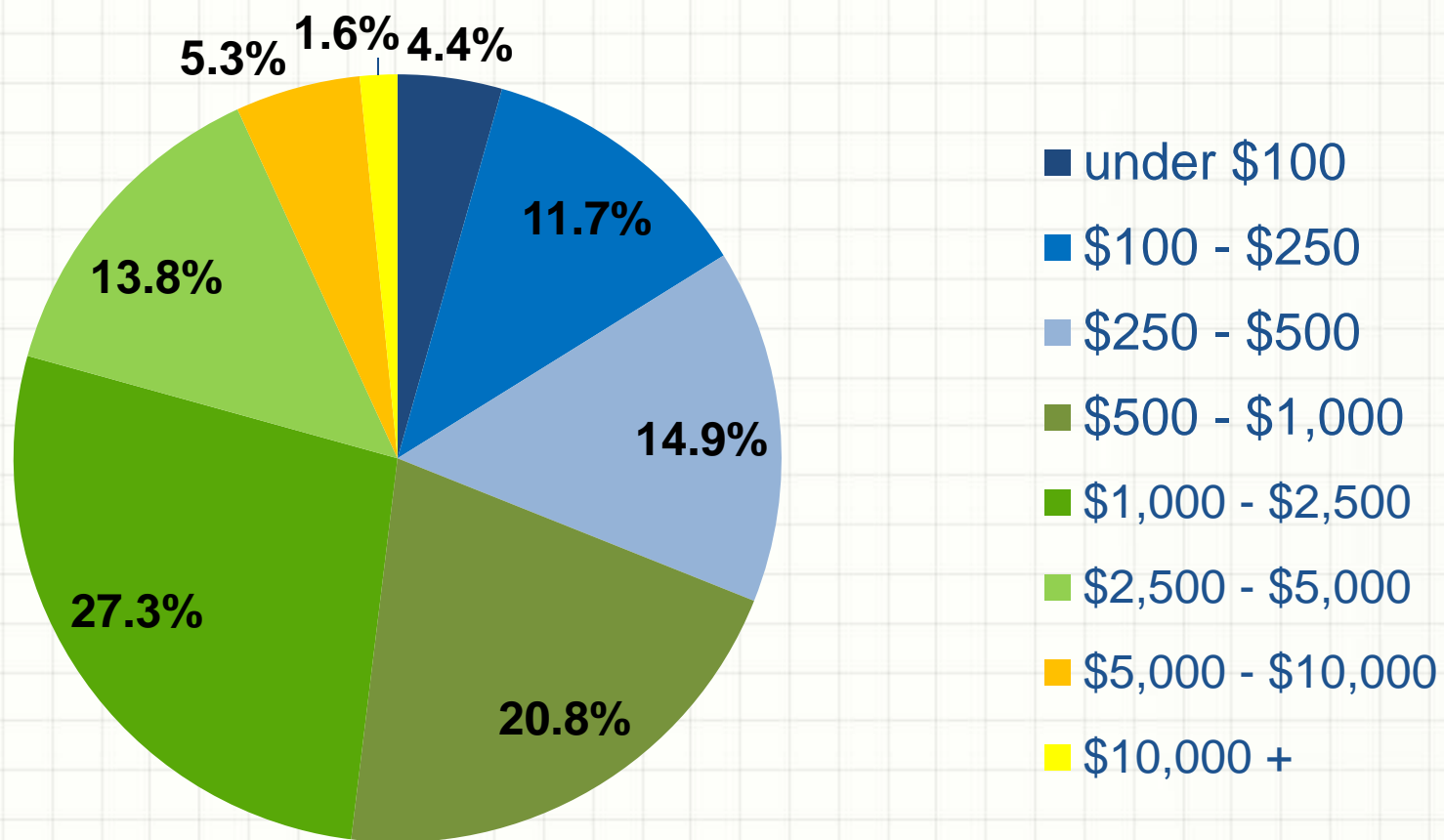


Source: CEFA's Closed-End Fund Universe (www.cef universe.com)

www.CEFadvisors.com

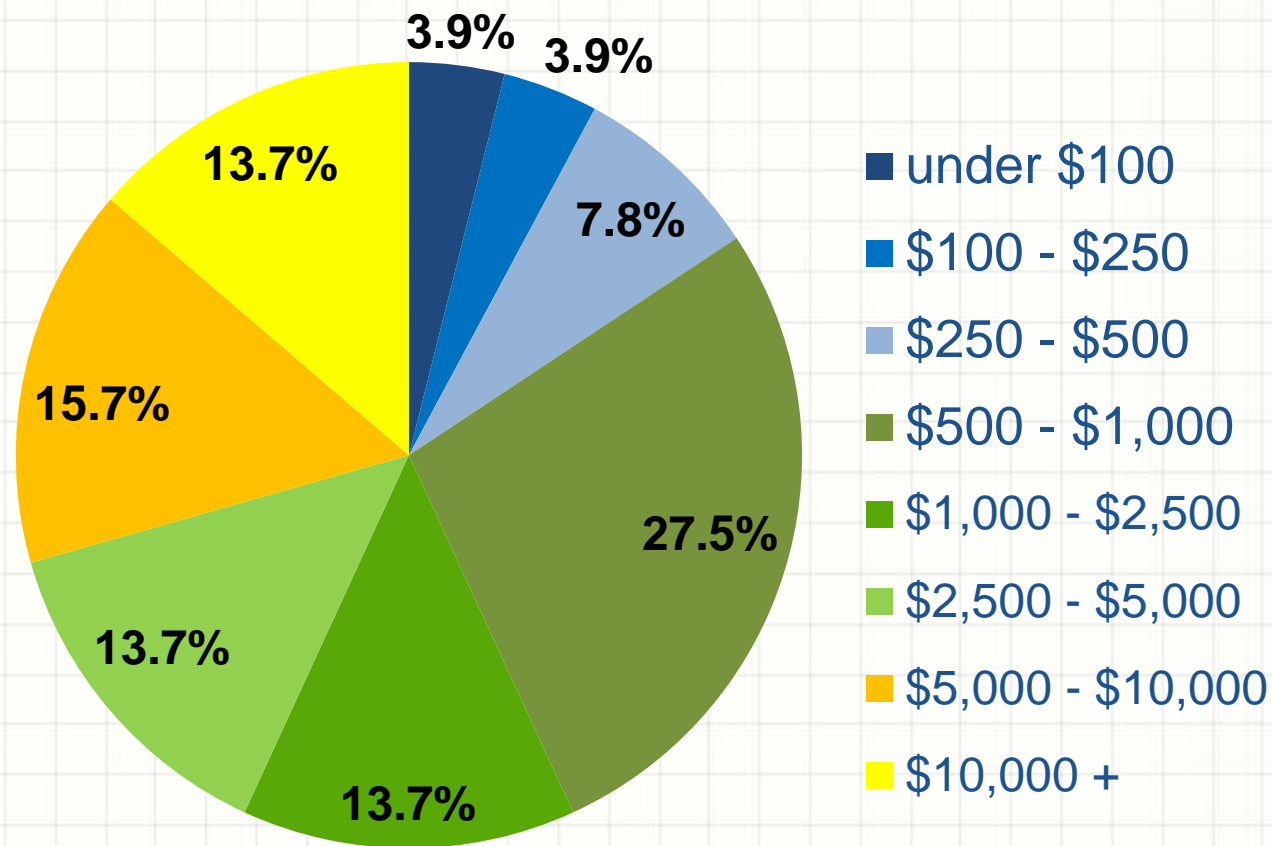


Traditional Closed-End Funds: By Average Daily Liquidity (thousands)



Note: 571 traditional closed-end funds; data as of 12/31/14, Source: CEFA's Closed-End Fund Universe (www.cef universe.com)

BDCs : By Average Daily Liquidity (thousands)



Note: 51 business development company CEF; data as of 12/31/14, Source: CEFA's Closed-End Fund Universe (www.cef universe.com),

CEF Volume Trends

Fund Grouping	Avg Vol 4Q	Avg Vol 3Q	Volume Trend
US Equity Funds	97,411	92,634	5%
Non-US Equity Funds	89,662	59,884	50%
Specialty Equity Funds	171,918	115,519	49%
<i>Ave Traditional Equity CEF</i>	<i>135,151</i>	<i>96,131</i>	<i>41%</i>
Taxable Bond Funds	154,061	118,177	30%
National Muni Bond Funds	68,460	67,462	1%
State Muni Bond Funds	26,852	24,242	11%
<i>Ave Traditional Bond CEF</i>	<i>95,719</i>	<i>78,262</i>	<i>22%</i>
Average Traditional CEF	111,213	85,298	30%
Debt Focused BDC Funds	443,318	485,080	-9%
Equity Focused BDC Funds	346,694	297,879	16%
<i>Average BDC</i>	<i>426,267</i>	<i>452,044</i>	<i>-6%</i>
Average For ALL CEFs	137,297	114,987	19%



Data as of December 31, 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

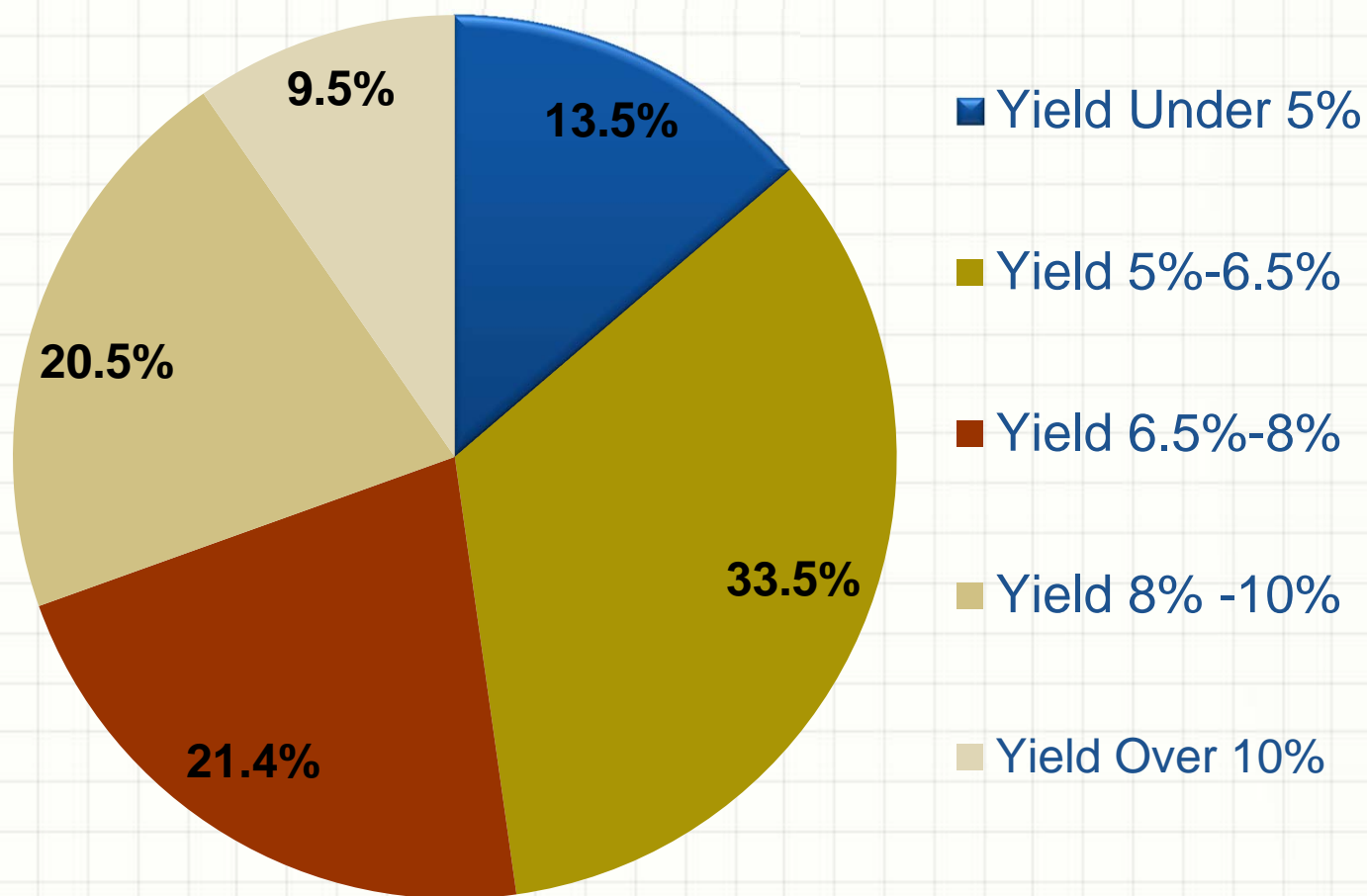
Price White: Best qt Amber: MM qt Gray: Prev qt *Size scaled by 100 Zoom 100%

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.

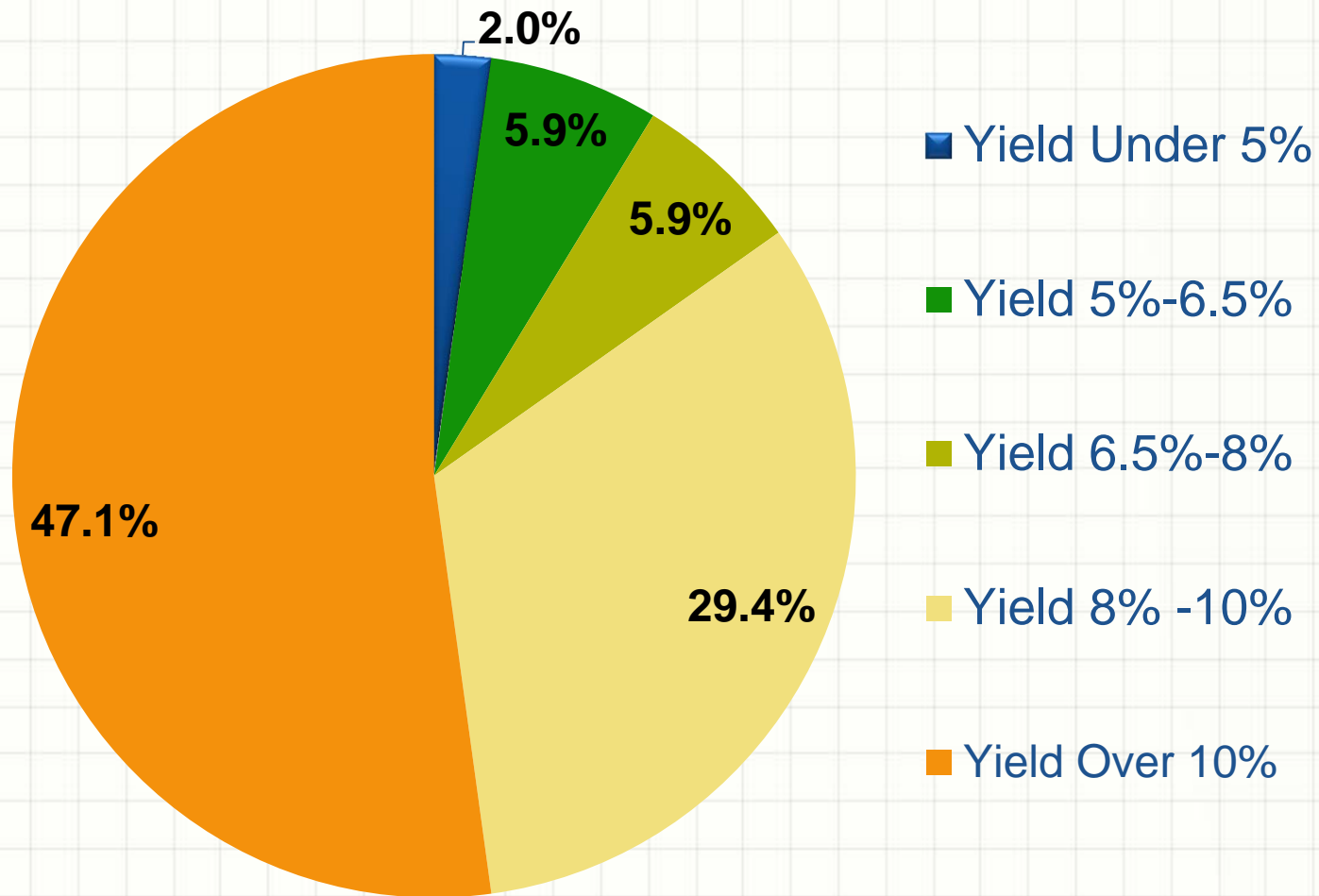
Source: WallachBeth Capital – www.wallachbeth.com

Traditional Closed-End Funds: By Yield



Note: 571 traditional closed-end funds; data as of 12/31/2014 , CEFU Report

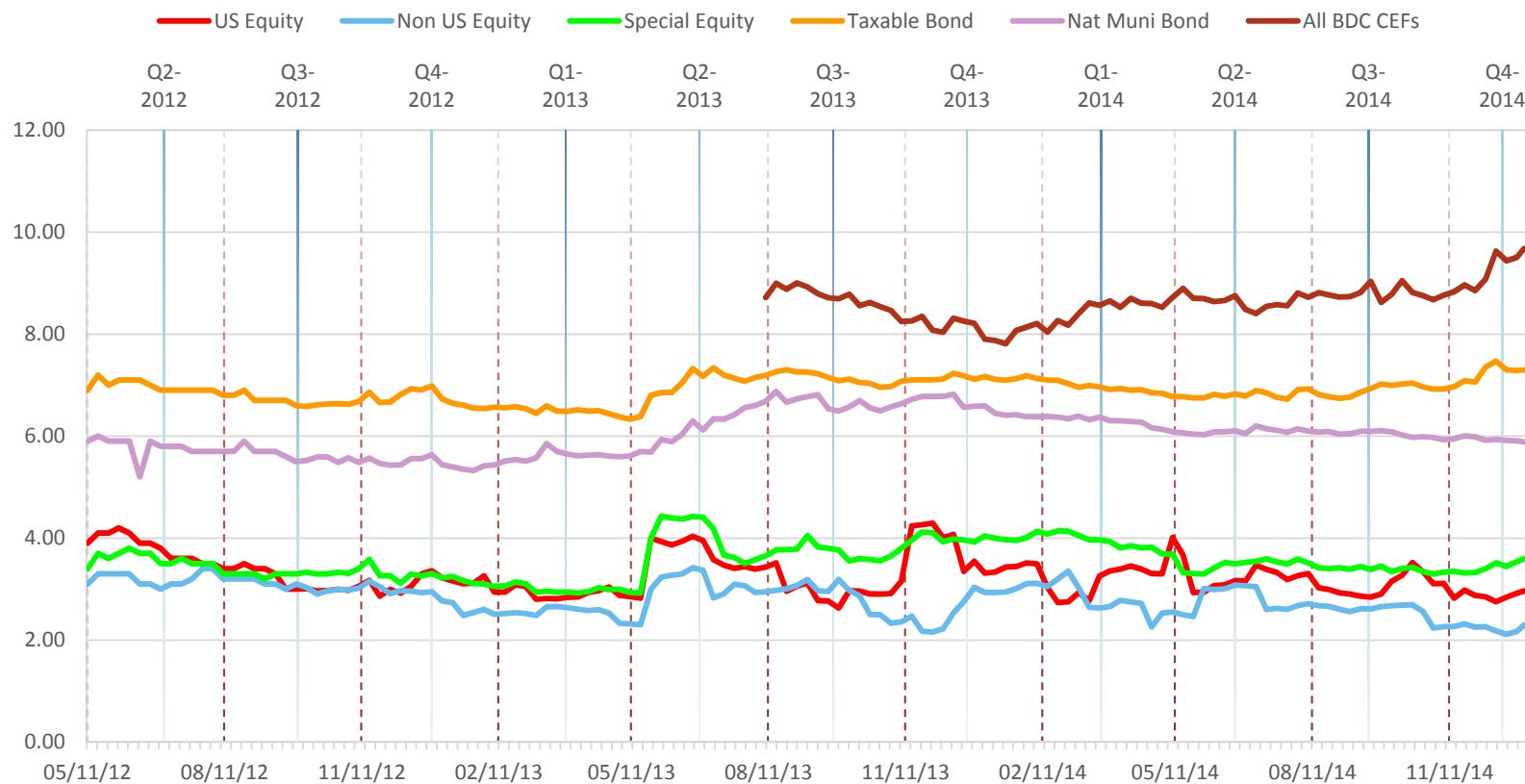
BDCs: By Yield



Note: 51 business development company CEFs; data as of 12/31/2014 , CEFU Report

Income Only Yield For Closed-End Funds

Main Peer Groups - Historical Dividend - Income only Yield
May 11, 2012 - December 31, 2014

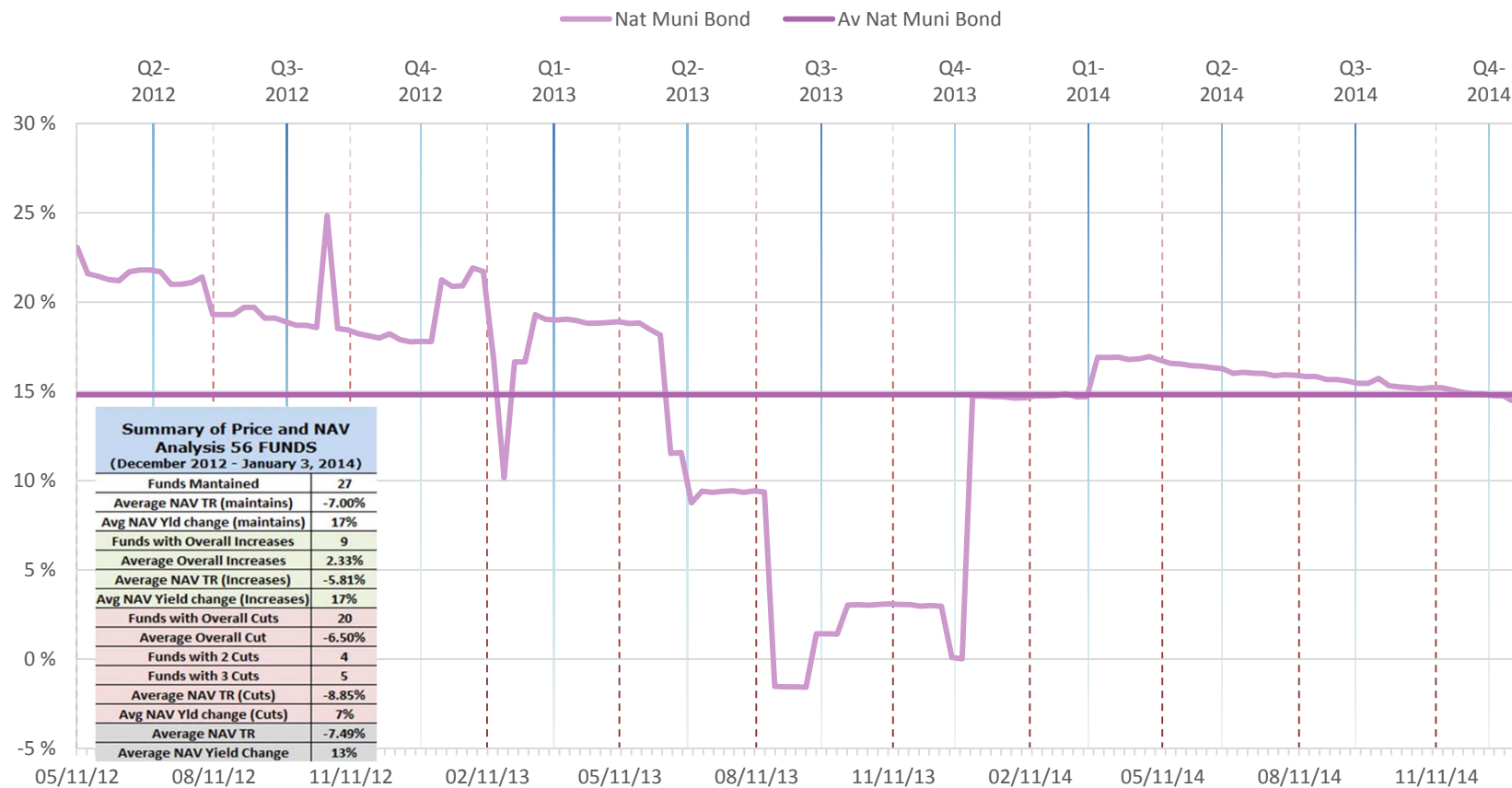


Source: CEFA's Closed-End Fund Universe (www.cefuniverse.com)



Relative UNII for Traditional CEF Municipal Bond Funds

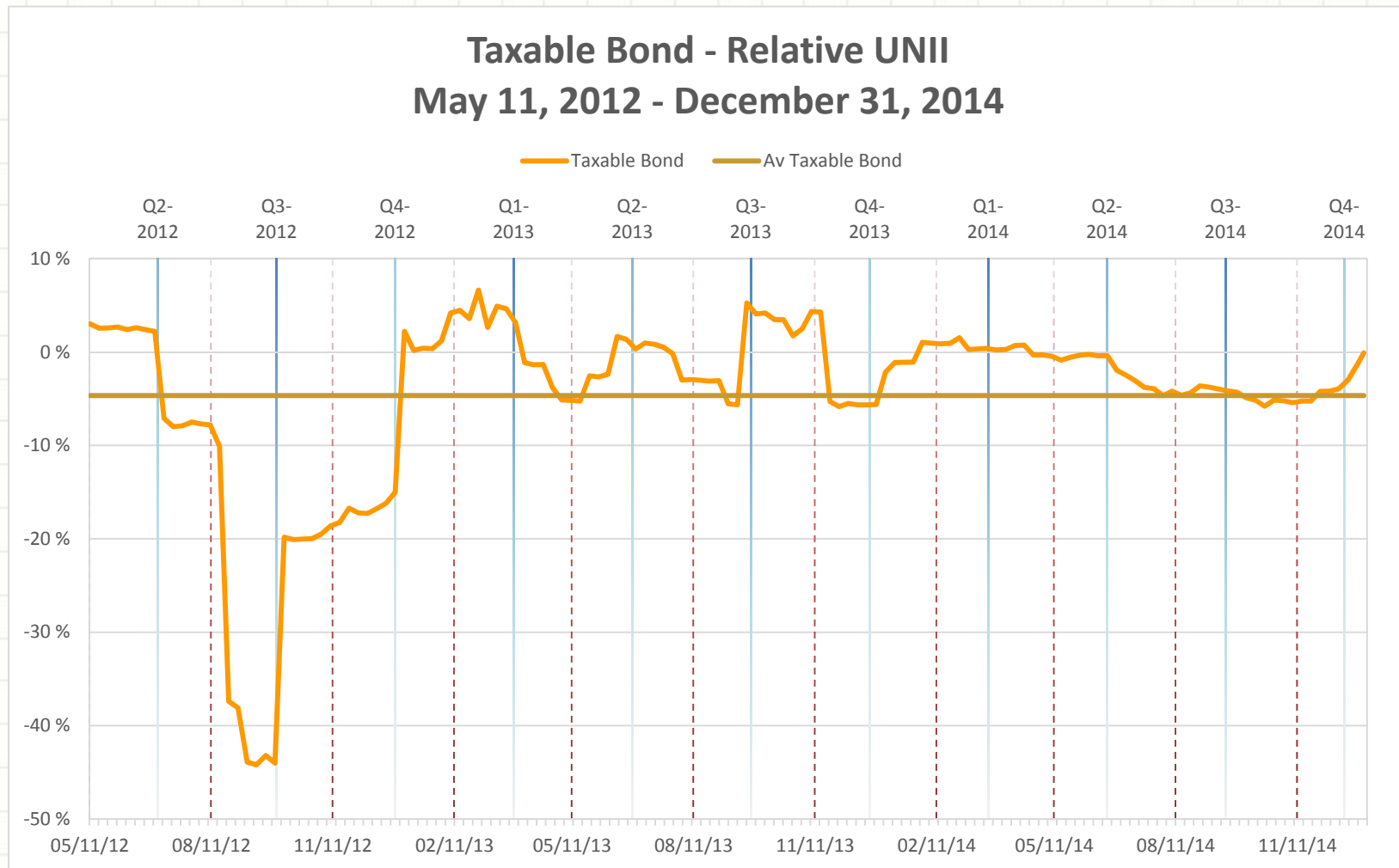
Nat Muni Bond - Relative UNII May 11, 2012 - December 31, 2014



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



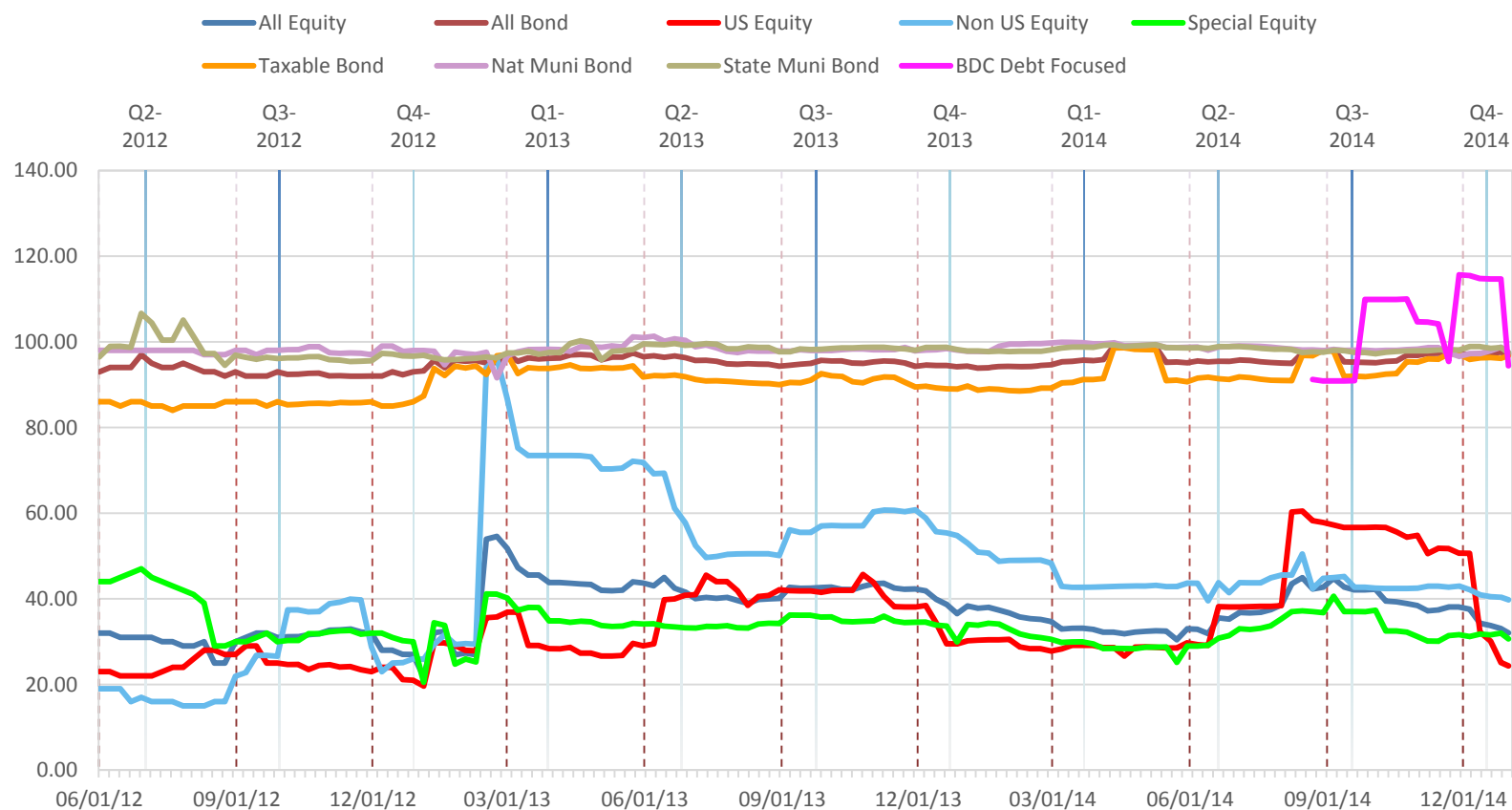
Relative UNII for Traditional CEF Taxable Bond Funds



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

Earnings Coverage Ratio For Closed-End Funds

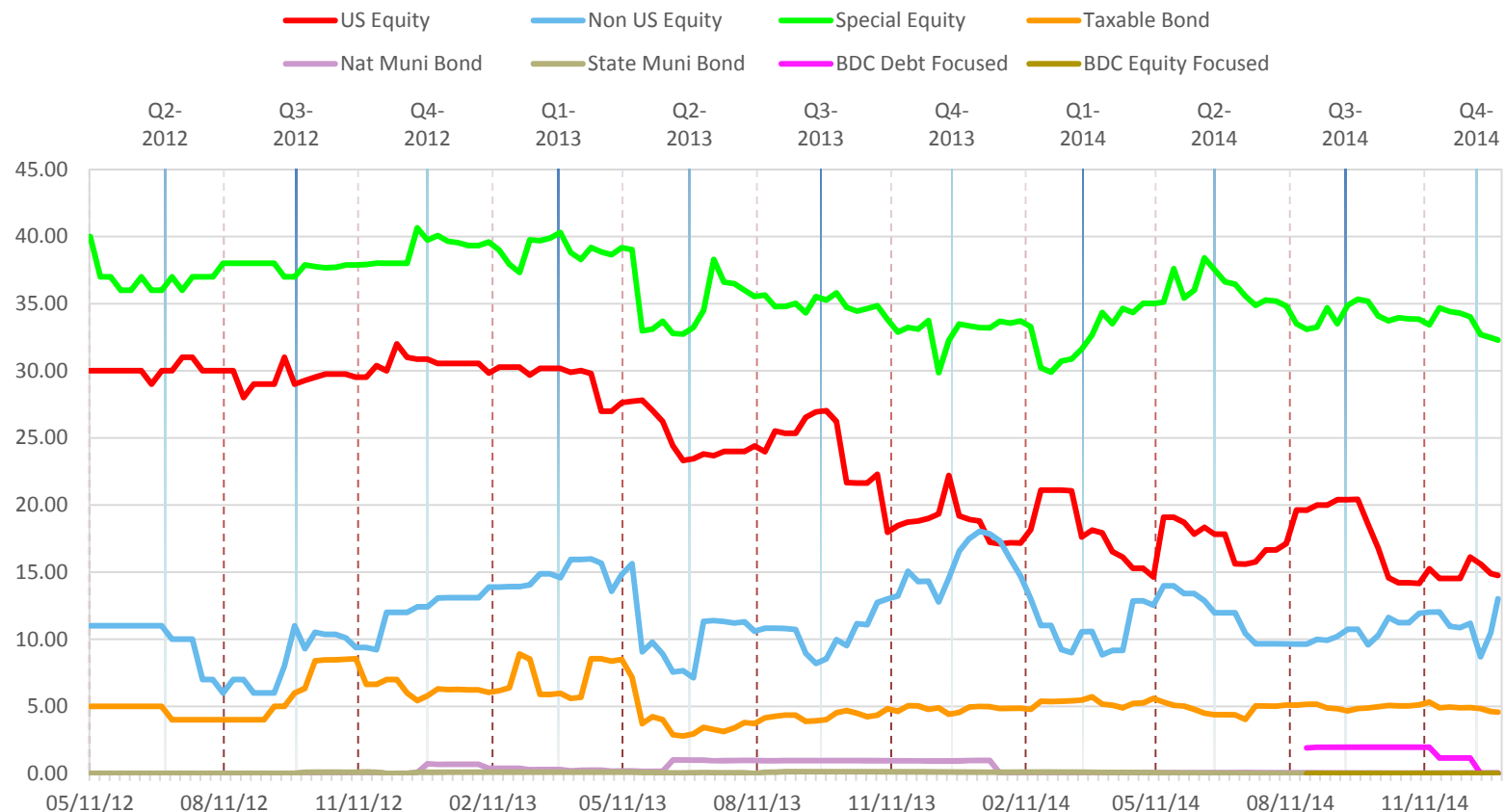
Main Peer Groups - Earnings Coverage Ratio
June 01, 2012 - December 31, 2014



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

Return of Capital (90 Day) For CEFs

Main Peer Groups - Historical ROC
May 11, 2012 - December 31, 2014



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	10	13%	25%
Non-US Equity Funds	18	20%	28%
Specialty Equity Funds	24	11%	20%
<i>Equity CEF</i>	52	14%	23%
Taxable Bond Funds	45	19%	29%
National Muni Bond Funds	0	0%	N/A
State Muni Bond Funds	0	0%	N/A
<i>Bond CEF</i>	45	9%	13%
Average CEF	97	11%	17%

*Whitepaper

Source: CEFA's Closed-End Fund Universe 12/31/2014
(www.cef universe.com)



Top 10 Funds with Highest Destructive RoC % (Traditional)

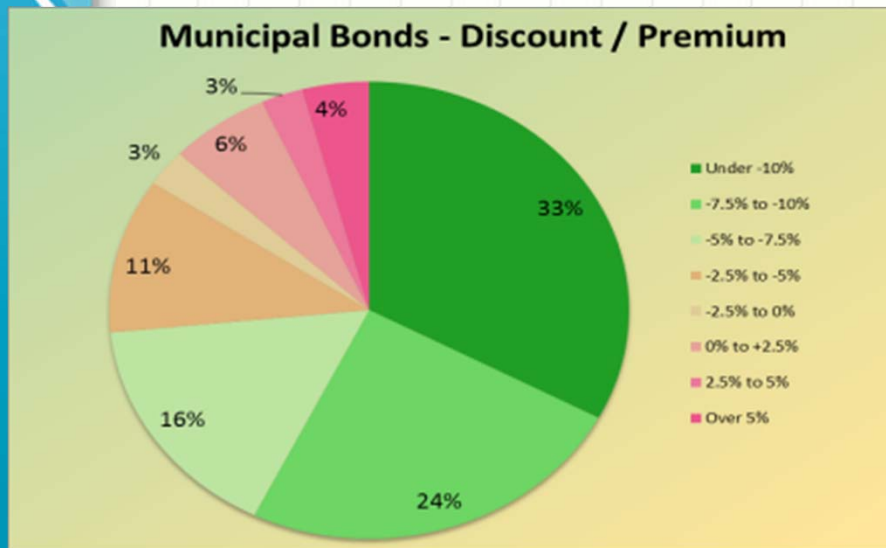
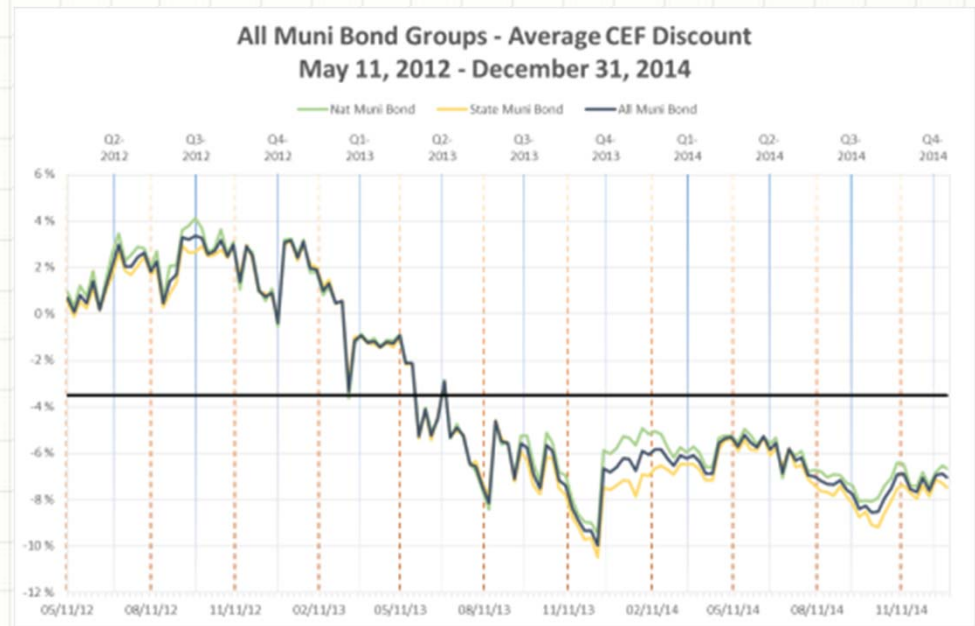
Rank	Ticker	Name	Classification	Destructive RoC %
1	GCV	Gabelli Convrt & Incm Sec Fd	U.S. Equity Funds	100%
2	GGN	GAMCO Gbl Gd NtrRes Incm	Specialty Equity Funds	100%
3	SRF	Cushing Royalty & Incm Fd	Specialty Equity Funds	98%
4	GNT	GAMCO NtrRes Gd & Incm	Specialty Equity Funds	98%
5	EXD	EV Tx-Adv Bnd & Opt Stgs Fd	Specialty Equity Funds	94%
6	GDL	GDL Fund	Non U.S. Equity Funds	90%
7	BOE	BR Gbl Opp Eq Tr	Specialty Equity Funds	88%
8	IAF	Abd Australia Eq Fd	Non U.S. Equity Funds	81%
9	BGY	BR Intl Gwth & Incm Tr	Non U.S. Equity Funds	79%
10	NFJ	AG NFJ Div Int & Prm Stgy	Specialty Equity Funds	77%

Source: CEFA's Closed-End Fund Universe 12/31/14
(www.cef universe.com)



Municipal Bond Closed-End Fund Universe

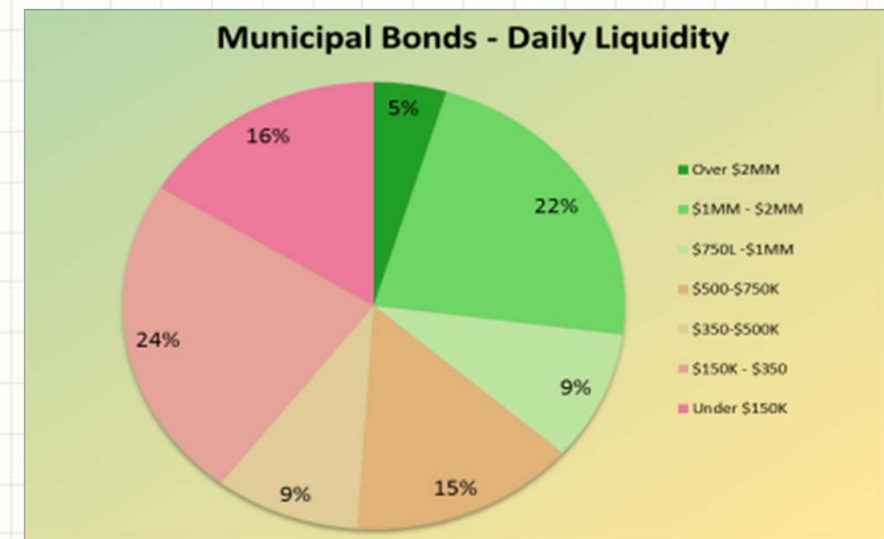
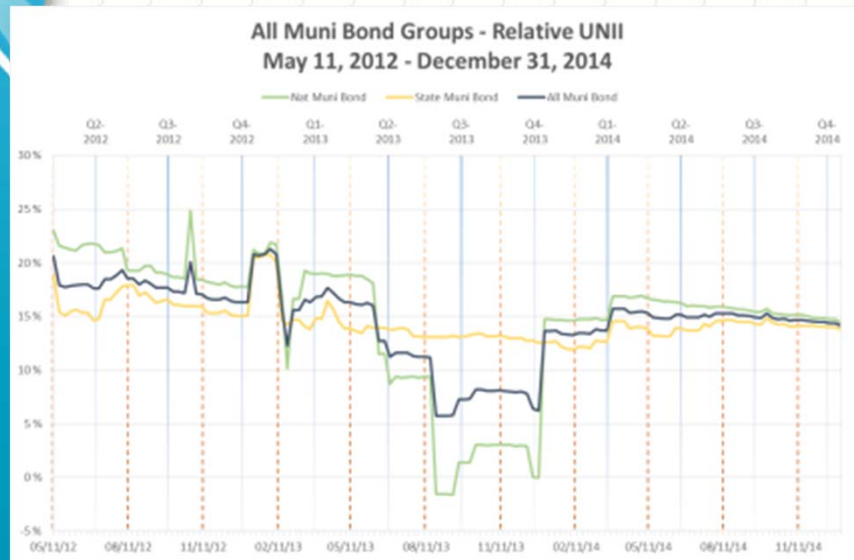
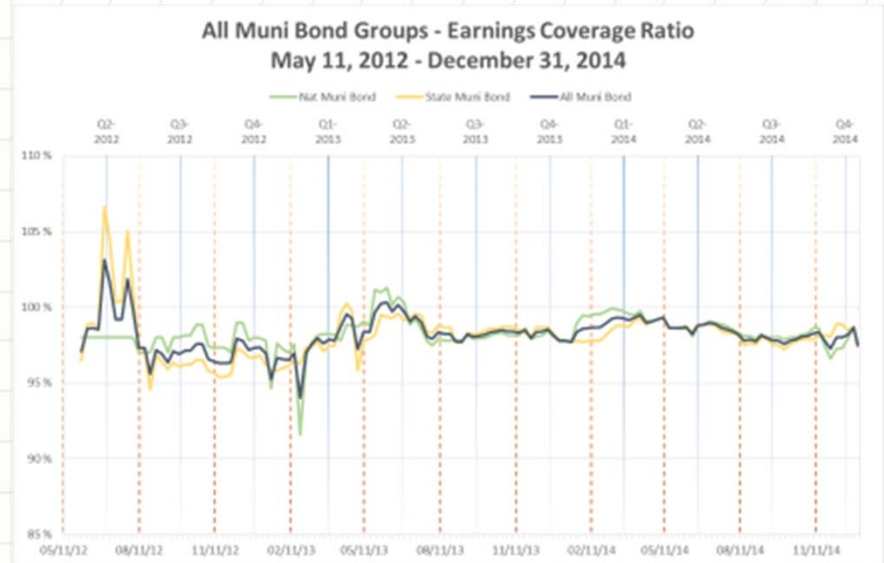
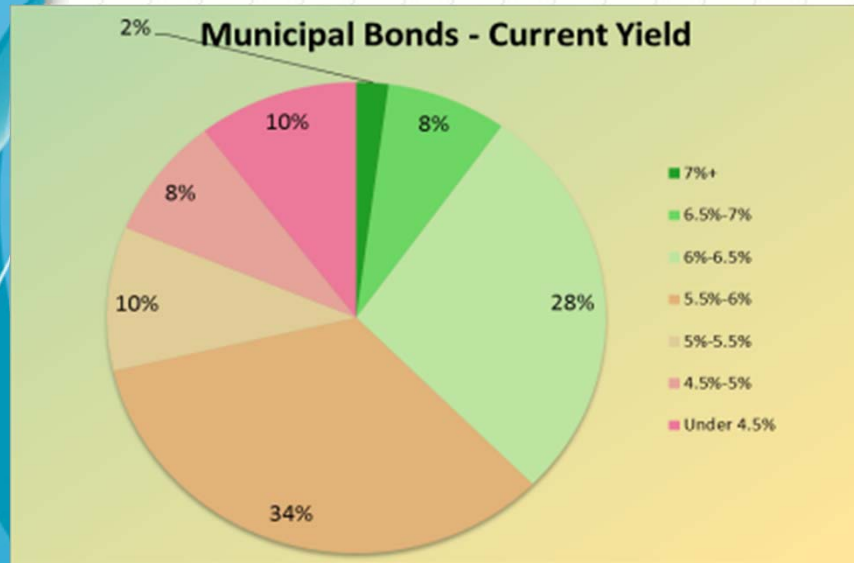
	National Muni Funds	Single State Muni Funds	Total
Number of Funds	103	89	192
Net Assets (Total)	\$48,140	\$19,000	\$67,141
Net Assets	\$467	\$213	\$350
Earnings Coverage Ratio %	97.6	97.5	97.5
Premium / Discount %	-6.67	-7.47	-7.04
Total Mkt Yield %	5.89	5.46	5.69
Leverage Adj NAV Yield %	4.18	3.78	4.00
NAV Volatility	3.30	3.16	3.24
Leverage %	31.4	33.1	32.2
Leverage Cost %	0.43	0.52	0.47
Duration	9.14	8.89	9.03
Insured %	21.4	26.3	23.7
Investment Grade %	88	92	90
Credit Quality	A	A	A



Note: Volatility is a one year rolling calculation

Source: Data as of December 31, 2014 from CEFA's Universe Data

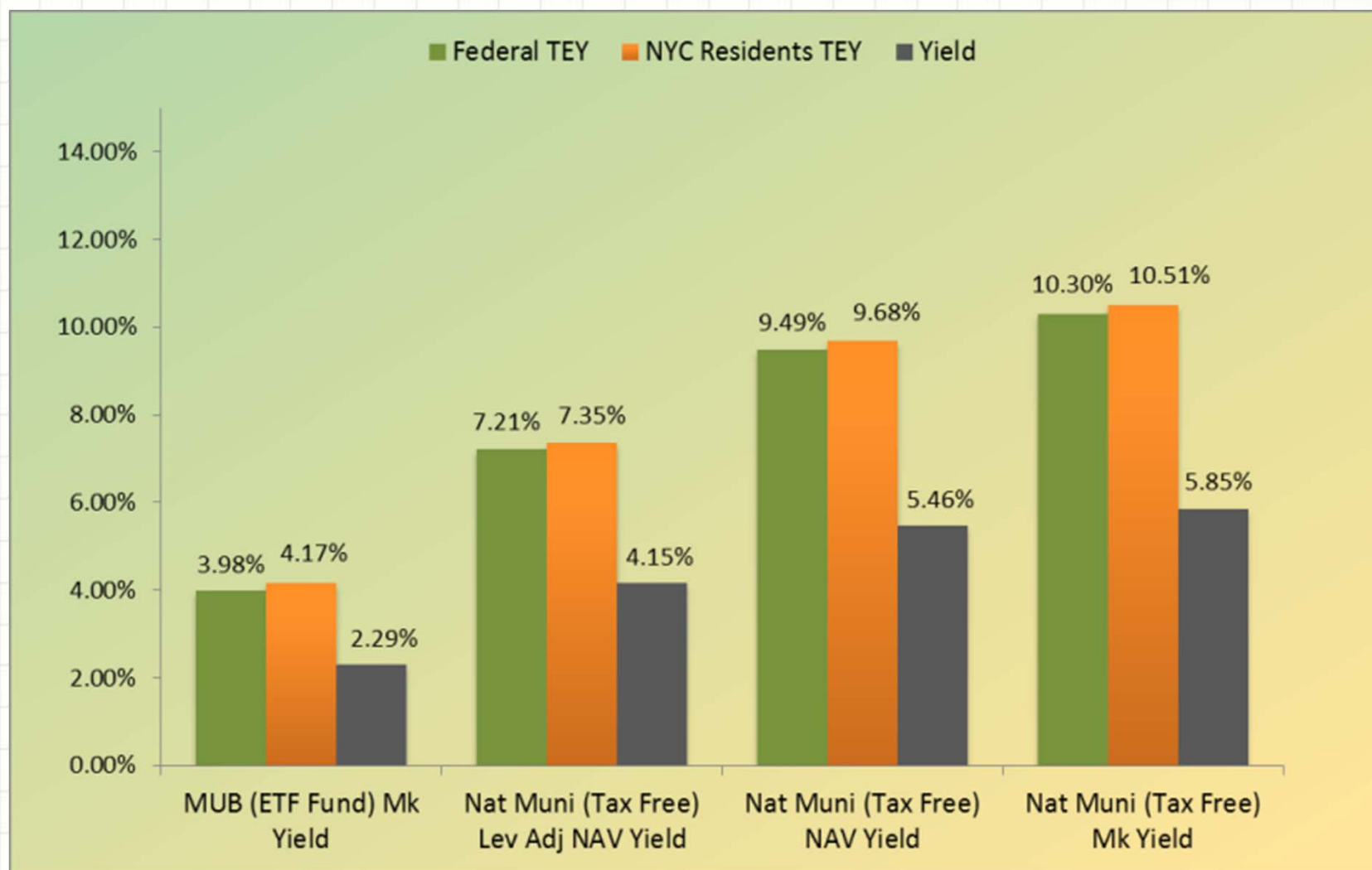
Municipal Bond Closed-End Fund Universe



Source: Data as of December 31, 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 12/31/14 and tax rates from IRS and NY State.

CEF Press Release SEC Filings Summary

(2559 CEF PRs in 4Q14)

Announcement Type	4Q 2014	2014	4Q 2013	Avg per Q since 2013
Rights Issue / Offering	4	32	8	7
Secondary Offering (Trad CEF)	8	16	0	3
Secondary Offering (BDCs)	7	43	-	-
Tender Offer	10	63	12	16
Distribution Policy Change(Trad CEF)	6	23	4	4
Distribution Policy Change (BDCs)	1	1	-	-
13 Filings (Trad CEF)	114	-	-	-
Investment Manager / Advisor Change	0	20	14	7
Portfolio Manager Change	33	89	3	13
Leverage Amount / Type Change	20	119	36	29

Source: Fund Press Releases / SEC Filings.



4Q 2014 Closed-End Fund Dividend Increases vs. Decreases

Dividend Announcement	Number of Announcements	Average Percentage Change
Dividend Maintains	1342 (92%)	N/A
Dividend Increases	70 (5%)	+4.66%
Dividend Decreases	45 (3%)	-7.61%
Under 5% Increase	48 (69%)	+2.26%
Over 5% Increase	22 (31%)	+9.90%
Under 5% Decrease	21 (47%)	-2.66%
Over 5% Decrease	24 (53%)	-11.95%

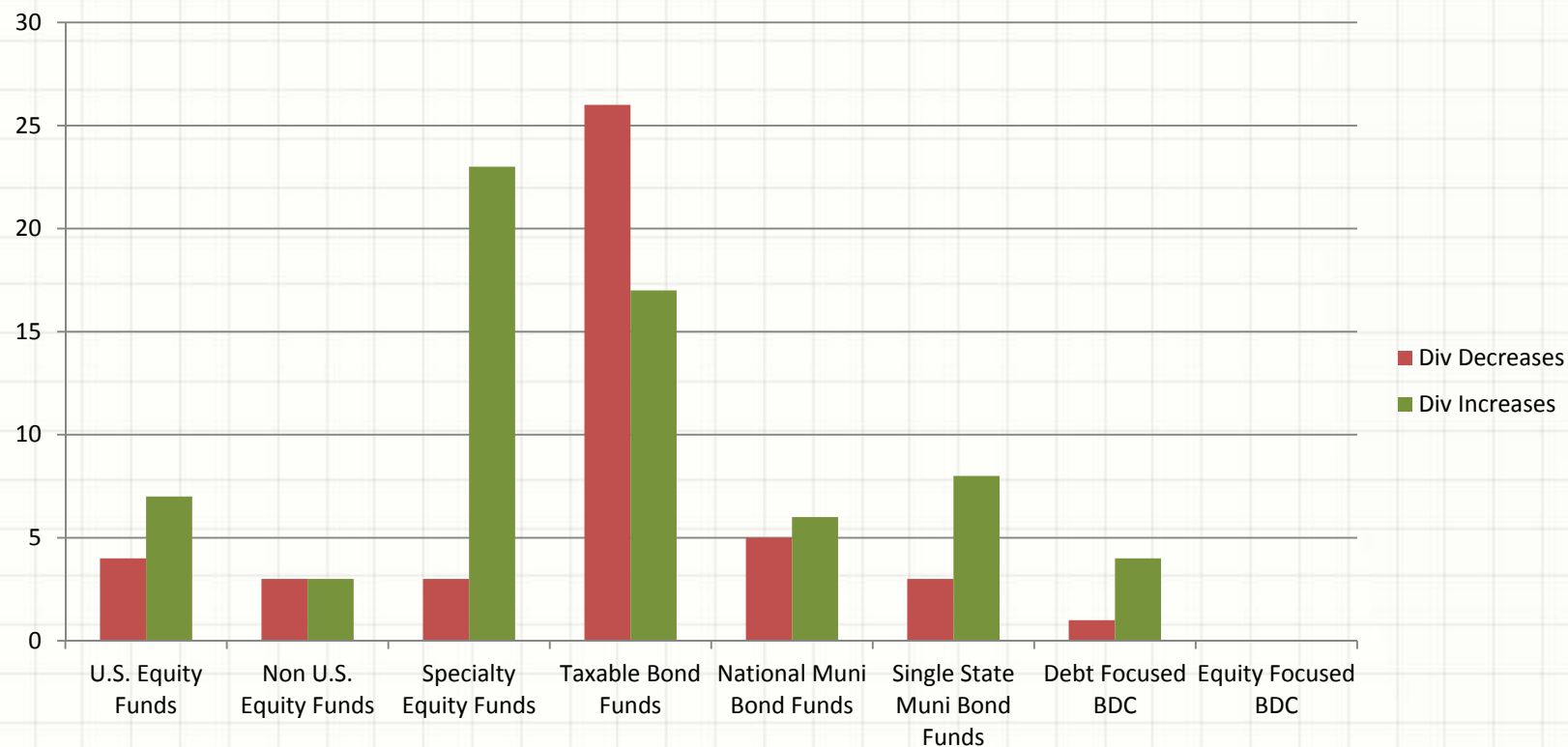
Note: We only counted monthly and quarterly paying Traditional & BDC CEFs, which is a change from the previous quarter's tables.

Source: Fund Press Releases



4Q 2014 Closed-End Fund Dividend Increases vs. Decreases

Major CEF Groups: Number of dividend decreases / increases
October 1, 2014 to December 31, 2014



Source: Fund Press Releases

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

Fund Grouping	4Q NAV	4Q Mkt Pr	2014 NAV	2014 Mkt Pr
US Equity Funds	3.5%	3.7%	8.1%	8.7%
Non-US Equity Funds	-1.2%	-1.2%	1.6%	2.2%
Specialty Equity Funds	-1.4%	-1.2%	9.4%	10.7%
<i>Avg Traditional Equity CEF</i>	<i>-0.4%</i>	<i>-0.3%</i>	<i>6.9%</i>	<i>7.9%</i>
Taxable Bond Funds	-1.2%	-1.5%	3.7%	2.8%
National Muni Bond Funds	2.5%	3.8%	18.5%	18.4%
State Muni Bond Funds	2.1%	3.1%	16.8%	17.3%
<i>Avg Traditional Bond CEF</i>	<i>0.7%</i>	<i>1.3%</i>	<i>11.5%</i>	<i>11.2%</i>
<i>Average Traditional CEF</i>	<i>0.3%</i>	<i>0.6%</i>	<i>9.7%</i>	<i>9.9%</i>
<i>Debt Focused BDC</i>	2.5%	-4.8%	8.6%	-5.9%
<i>Equity Focused BDC</i>	3.0%	3.4%	2.3%	-1.1%
<i>Average BDC</i>	<i>2.6%</i>	<i>-3.3%</i>	<i>7.4%</i>	<i>-5.0%</i>

Data as of December 31, 2014

Source: CEFA's Closed-End Fund Universe Report

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Closed-End Fund Activist Update

4Q 2014

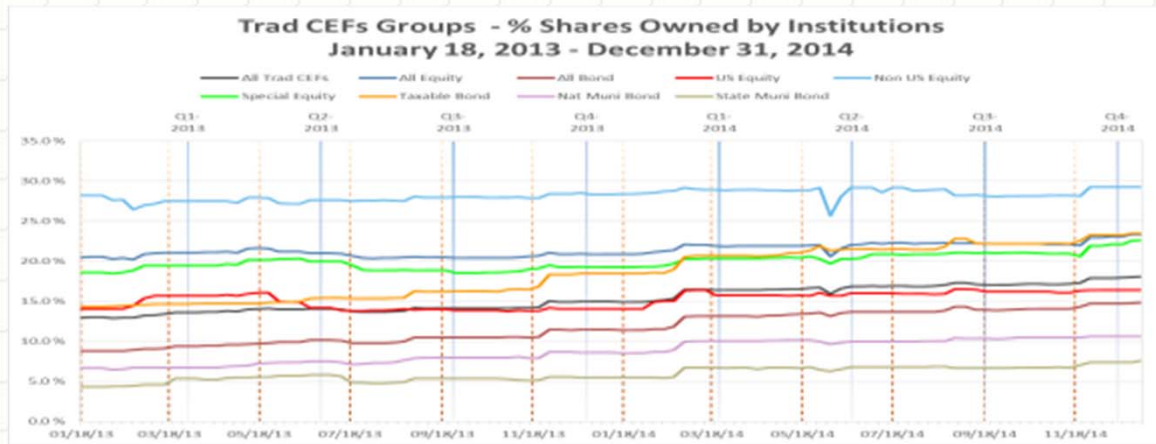
Month Filed	Filing	Closed-End Fund	Investor	Notes
Dec	13D/A	Nuv Div Adv Muni Incm Fd(NVG)	Karpus	Dec(8.19%)
Dec	13G/A	Invsc Bnd Fd(VBF)	Karpus	Inc (11.9%)
Dec	Tender	Nuv Glbl Hi Incm Fd (JGH)	Public	Up to 25% (98% of NAV)
Nov	13G/A	LMP Cap & Incm Fd (SCD)	First Trust	Dec(5.8%)
Nov	13D/A	Abd Emrg Mkt Sml Co Opp Fd (ETF)	Lazard	Inc (21.2%)
Oct	13D/A	Nuv Divr Crncy Opp Fd (JGT)	Bulldog	Inc (8.04%)
Oct	13G/A	BR Enh Govt Fd (EGF)	Sit Inv	Inc (26.94%)

Source: SEC Filings, Press Releases

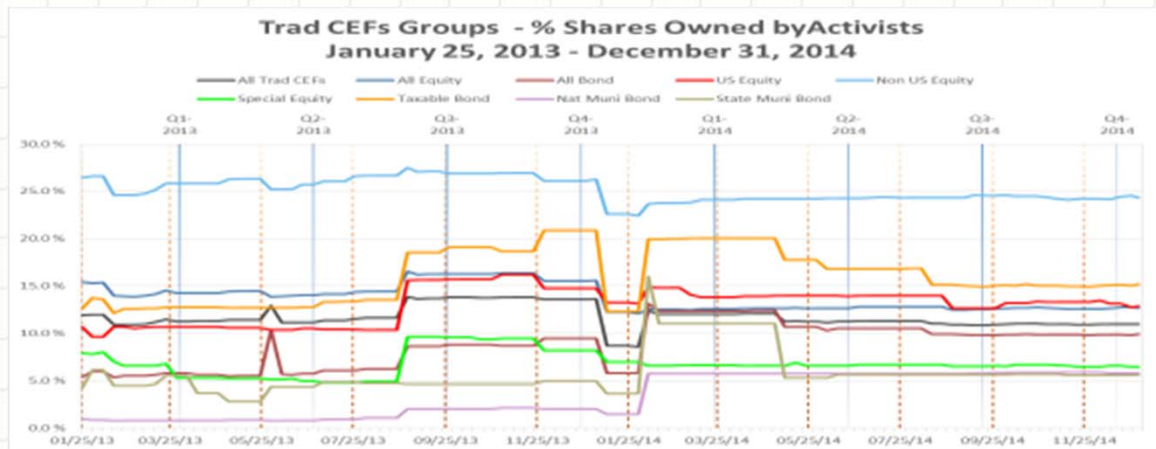


CEF Institutional & Activist Holdings

(Traditional CEFs 4Q 14)



Activist Holdings Trends



Increase: 45 funds
Decrease: 60 funds

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

Traditional Closed-End Fund

Historical IPOs (4Q 14)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Number of IPOs	9	25	23	19	17	13	2	40	21	47	50
Average Assets In \$ millions	\$469	\$580	\$517	\$316	\$451	\$200	\$131	\$690	\$506	\$452	\$462
Total New CEF IPO Assets in \$ Billions	\$4.2B	\$14.5	\$11.9	\$6.0	\$7.7	\$2.6	\$0.3	\$27.6	\$10.6	\$21.2	\$23.1

10 Year Average: 22 Funds per year, \$431M Ave Fund, \$11 Billion Per Year



BDC Historical IPOs (4Q 14)

	2014	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	\$575	\$78	\$96	\$101	\$98	\$87	\$141	\$138	\$203	\$147	\$360
Total New CEF IPO Assets in \$ Billions	\$3.5	\$0.3	\$0.5	\$0.7	\$0.5	\$0.1	\$0.1	\$0.7	\$0.2	\$0.3	\$1.4

10 Year Average: 3.7 Funds per year, \$166M Ave Fund, \$0.7 Billion Per Year



2014 IPO Details

4Q 2014

Eagle Point Credit Company (ECC) - Traditional CEF -

IPOed on October 14, 2014

IPO Price: \$20.00

IPO Assets: \$103M

Price as of 12/31/14: \$20.1

Disc/Prm as of 12/31/14 : -0.40%

BlackRock Science and Technology Trust (BST) - Traditional CEF -

IPOed on October 29, 2014

IPO Price: \$20.00

IPO Assets: \$420M

Price as of 12/31/14: \$17.59

Disc/Prm as of 12/31/14 : -9.47%

Miller/Howard High Income Equity Fund (HIE) - Traditional CEF -

IPOed on November 25, 2014

IPO Price: \$20.00

IPO Assets: \$245M

Price as of 12/31/14: \$20.00

Disc/Prm as of 12/31/14 : 9.83%



Source: Fund Press Releases

www.CEFadvisors.com

IPOs during 1Q 2014 – 3Q 2014

Current Discount / Premium

IPO Date	Ticker	Fund Name	Type	Current Disc/Prm	Current Price	IPO Price	Curr vs IPO
1Q 2014	JMLP	Nuv All Cap Nrg MLP Opp Fd	Traditional	-10.82%	\$15.25	\$20.00	76.25%
	FPL	FT New Opp MLP & Nrg Fd	Traditional	-10.94%	\$17.91	\$20.00	89.55%
	ACSF	American Capital Senior Floating, Ltd.	BDC	-18.45%	\$12.11	\$15.00	80.73%
	CMFN	CM Finance Inc	BDC	-24.91%	\$11.00	\$15.00	73.33%
	TSLX	TPG Specialty Lending Inc	BDC	7.41%	\$16.82	\$16.00	105.13%
2Q 2014	GGZ	Gabelli Gbl Sml & Mid Cap Val	Traditional	-12.00%	\$10.44	\$12.00	86.98%
	DSE	D&P Sel Nrg MLP Fd	Traditional	-9.80%	\$14.17	\$20.00	70.85%
	FSIC	FS Investment Corp	BDC	-2.55%	\$9.93	\$10.00	99.30%
	ABDC	Alcentra Capital Corp	BDC	-16.67%	\$12.50	\$15.00	83.33%
	TPVG	TP Vntr Gwth BDC Corp	BDC	1.43%	\$14.85	\$15.00	99.00%
3Q 2014	THQ	Tekla Health Opp Fd	Traditional	-4.20%	\$20.05	\$20.00	100.25%
	GER	GS MLP & Nrg Renaissance Fd	Traditional	-3.01%	\$14.19	\$20.00	70.95%

Data as of December 31, 2014

Source: CEFA's Closed-End Fund Universe Report



Traditional Closed-End Fund NAV – Market Price Correlation

Fund Grouping	Correlation 4Q 14	Correlation 3Q 14	Correlation Trend
US Equity Funds	85.9%	76.9%	9%
Non-US Equity Funds	89.9%	91.3%	-1%
Specialty Equity Funds	80.9%	75.6%	5%
<i>Ave Equity CEF</i>	<i>84.3%</i>	<i>80.2%</i>	<i>4%</i>
Taxable Bond Funds	74.2%	77.2%	-3%
National Muni Bond Funds	24.8%	37.7%	-13%
State Muni Bond Funds	14.3%	10.0%	4%
<i>Ave Bond CEF</i>	<i>43.9%</i>	<i>47.7%</i>	<i>-4%</i>
Average CEF	59.8%	60.5%	-1%

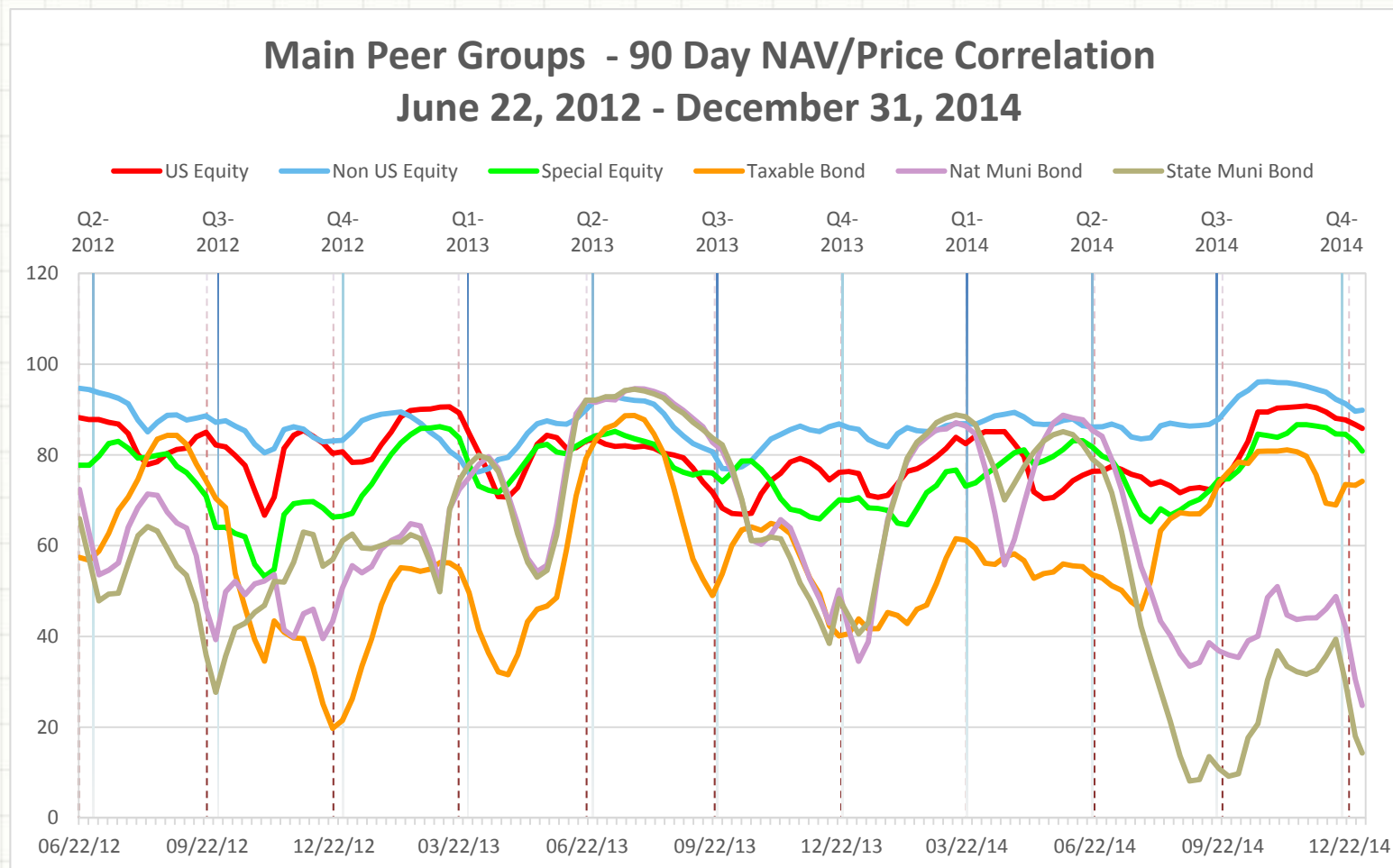
Data as of December 31, 2014

Source: CEFA's Closed-End Fund Universe Report



Traditional Closed-End Fund

90 Day NAV – Market Price Correlation



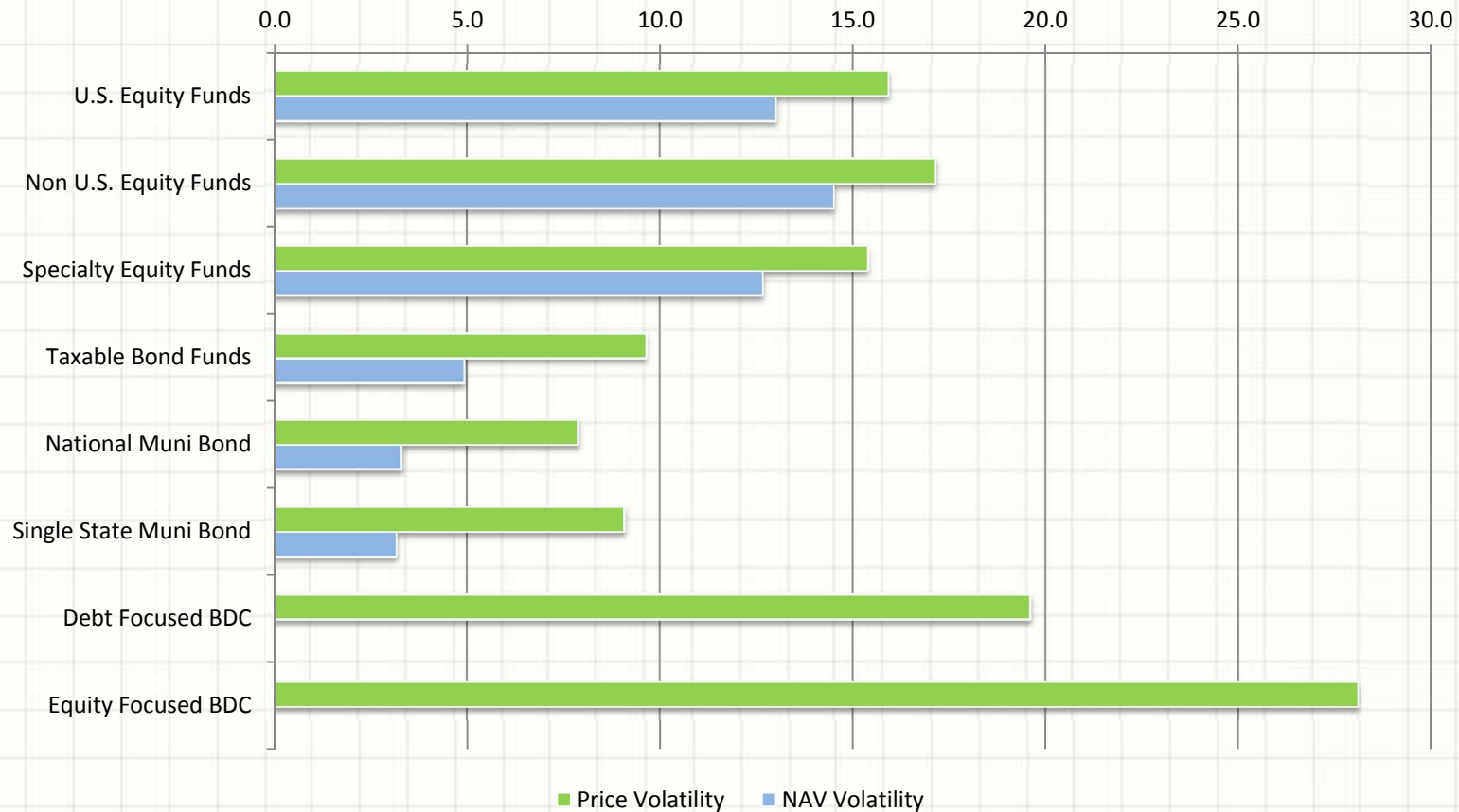
Source: September 30, 2014 - CEFA's Closed-End Fund Universe Report

www.CEFadvisors.com



Closed-End Fund

Market Price volatility vs. NAV volatility (1 Year)



Source: December 31, 2014 - CEFA's Closed-End Fund Universe Report

www.CEFadvisors.com



CEFA's Outlook for 1Q 2015

- Business Development Company (BDC) CEFs – NAV stability/growth, dividend coverage and Yield for Rising Rates, historically very, 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 a little Cheap, UNII trend concerning, EC positive, TEY. (2 Muni Investors)
- We like Senior Loan, Debt-BDCs, 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.
- 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

(March 2004 to September 2007)

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

- *CEF outlook 2015
- *CEF best ideas (2)
- *Retail/Institutional ownership of CEFs
- *Impact of volatility on a diversified portfolio
- *IPO outlook (3)
- *Activism trends
- *Effect of interest rate increases on muni bond CEFs (2)
- *How well do CEFs perform when they're at wide discounts?
- *Average Bond/Equity discounts now v. historical levels (1,3,5,10 years) (5)
- *Energy exposure in high yield Bond/Loan CEFs (2)
- *Is it too early for high yield or bank loan CEFs?
- *Dividend outlook
- *Are the incentive fees of BDCs worth it?
- *PSEC, FSIC, and MCC
- *BDC outlook 2015, changes expected (3)

New Data for CEF Universe

During 4Q 2014

BDC Data: 21 Added

- 3 Year Z-Stat
- % Shares Owned by Institutions
- Dividend Inc/Dec %
- Last Dividend Change Date
- 1-Year Div Growth %
- 3-Year Div Growth %
- SBA Debentures %
- Portfolio Breakdown (six columns)
- Variable Portfolio Debt
- Fixed Portfolio Debt
- Non Lev Expense Ratio
- Price Return - 1Yr
- Price Return – YTD
- Non-accrual Investments %
- Average Maturity
- Number of Bonds,
- Portfolio Companies
- Ex-Date
- Discount 52W Low
- Discount 52W High
- Energy, Oil, Gas and Related Services %.

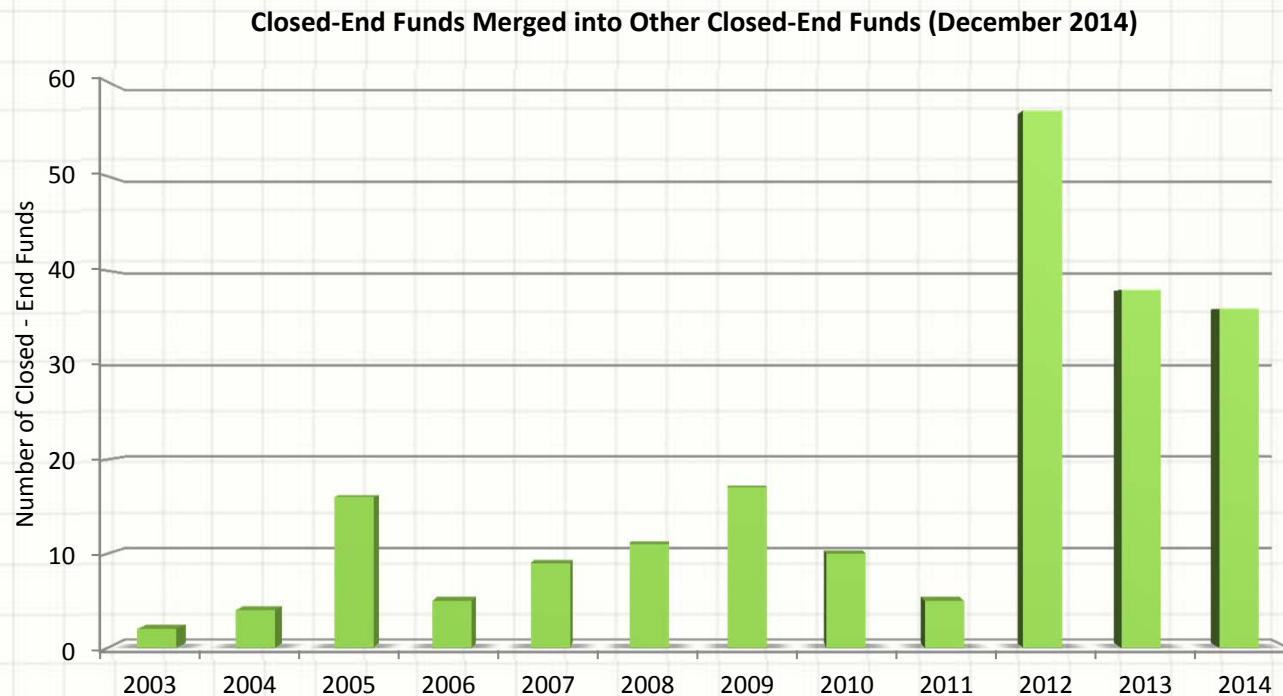


CEF Heat Map

<https://cefalyzer.com/treemap> (Example, not a recent day)



Traditional Closed-End Fund Mergers



Reasons to Merge:

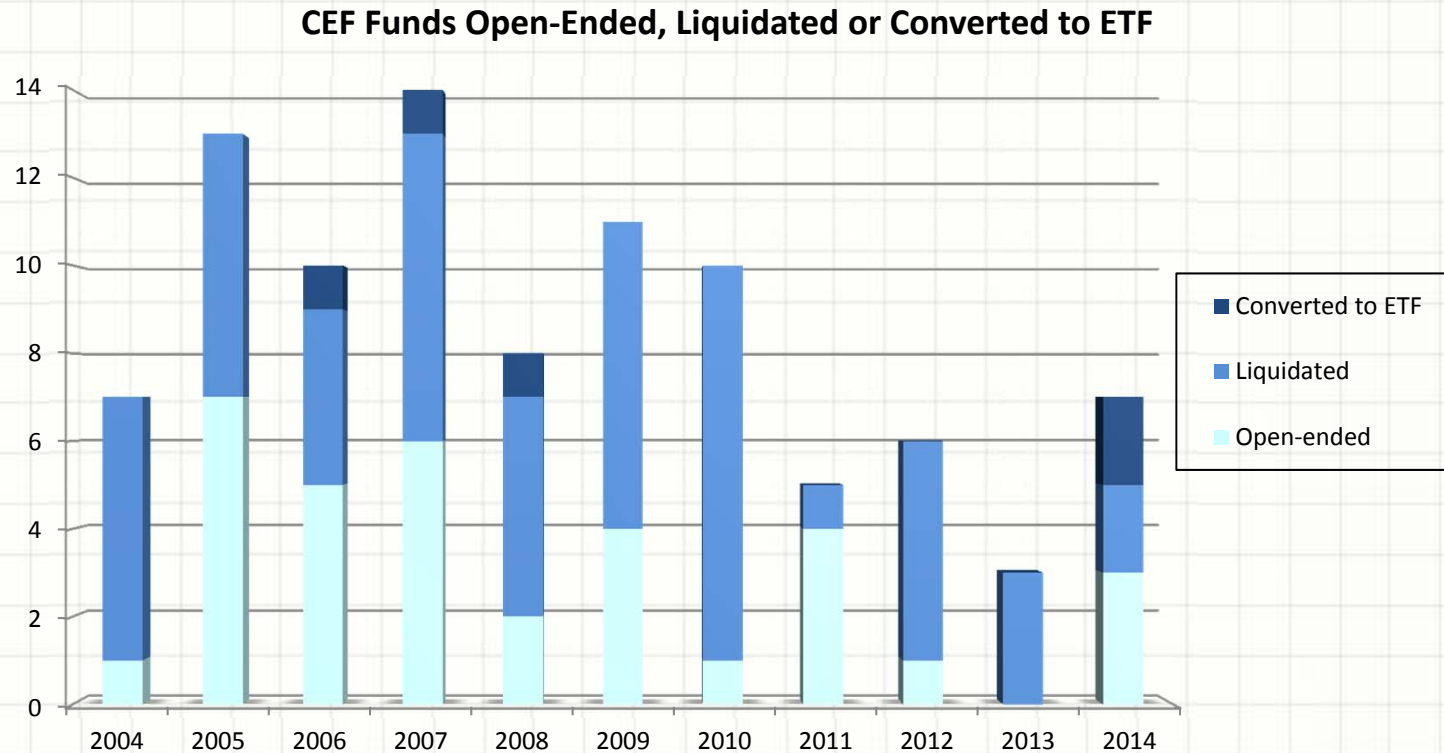
1. Reduce expense ratio
2. Increase liquidity
3. Reduce bid/ask spread
4. Improve cost of future leverage

Source: Fund Press Releases

Avg. – 16.6 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 35 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 100+ 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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