



Tax-Sensitive Income Investing for a Rising Rate Environment

Looking at Municipal Bond, Master Limited Partnership
(MLP), and Covered Call Closed-End Funds

7204 Glen Forest Drive, Suite #105
Richmond, Virginia 23226 USA
(800) 356-3508 / (804) 288-2482
www.CEFadvisors.com

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Celebrating 25 Years as
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Specialists



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CEF Advisors

- Firm Founded in 1989, Specialized in CEF/BDC Research & Trading
- Over Four Decades of Experience with The CEF Structure
- 22+ Years Publishing a CEF Newsletter - (The Scott Letter)
- 7+ Years Running CEF Data Service - (CEF Universe) 3+ Years of internal data team.
- 9 Current Portfolio Models. Principal and Family Accounts Managed Alongside Client Accounts, however, Client Accounts Always Receive the Same or Better Execution
- Successor in place with over 14 years experience at the firm under the age of 40. Firm has been 100% Owned by The Scott Family since 1998

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Strategy & Process

Closed-End Funds are in their basic sense:

- 1) Fixed Amounts of Capital without Redemption Pressures
- 2) Actively Managed 40 Act Investments
- 3) Publically listed with Daily Investor Liquidity
- 4) Inefficient and Volatile by Nature with Exploitable Alpha due to Liquidity Issues
- 5) Often Out-of-Sync with Peer Funds and May Exhibit Price Swings Over Time
- 6) Primarily Yield Oriented, Total Return Vehicles

Closed-End Fund Advisors (CEFA):

- 1) Has the Experience and Resources to be Successful in CEF Research and Trading
- 2) Nimble Enough to be Tactical with AUM of \$105MM*
- 3) One of the Few CEF Specialty Firms; Only One, We Know of, with Self Sourced BDC & Traditional CEF Comprehensive Data & Research Services
- 4) Blends Fundamental Market & Economic Research with Data Driven Analysis
- 5) Adjusts Model Allocations and Fund Exposure Based on Active On-Going Research

*As of 6/30/2015



What is a Master Limited Partnership?

A **master limited partnership (MLP)** is a publicly traded limited partnership. Shares of ownership are referred to as units. MLPs generally operate in the natural resource, financial services, and real estate industries.



How it works/Example:

Unlike a corporation, a *master limited partnership* is considered to be the aggregate of its partners rather than a separate entity. However, the most distinguishing characteristic of MLPs is that they combine the tax advantages of a partnership with the liquidity of a publicly traded stock.

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Source: InvestingAnswers.com



What is a Municipal Bond?

A **municipal bond**, commonly referred to as a "muni" bond, is a debt security issued by a state or local government.



How it works/Example:

The purchaser of a *municipal bond* is effectively loaning money to a government entity, which will make a predetermined number of interest and principal payments to the purchaser. Issuers typically use municipal bond proceeds to finance day-to-day operating activities or capital expenditures for the public good such as road, hospital, school, or infrastructure projects.

There are many kinds of municipal bonds, but the two most prominent are *general obligation bonds* and *revenue bonds*. *General obligation bonds* are repaid with taxes collected by the issuer. They are unsecured and generally have maturities of at least 10 years. *Revenue bonds* are repaid with the revenue generated by the projects financed with the bond proceeds (such as a toll road).

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Source: InvestingAnswers.com



What is a Covered Call Strategy?

A **covered call** is a transaction in which the seller of call options owns the underlying stock. If a trader buys the underlying instrument at the same time the trader sells the call, the strategy is often called a "buy-write" strategy. The long position in the underlying instrument is said to provide the "cover" as the shares can be delivered to the buyer of the call.



Writing (i.e. selling) a call generates income in the form of the premium paid by the option buyer. And if the stock price remains stable or increases, then the writer will keep income as a profit, even though the profit may have been higher if no call were written. The risk of stock ownership is not eliminated. If the price declines, then the net position can lose money.

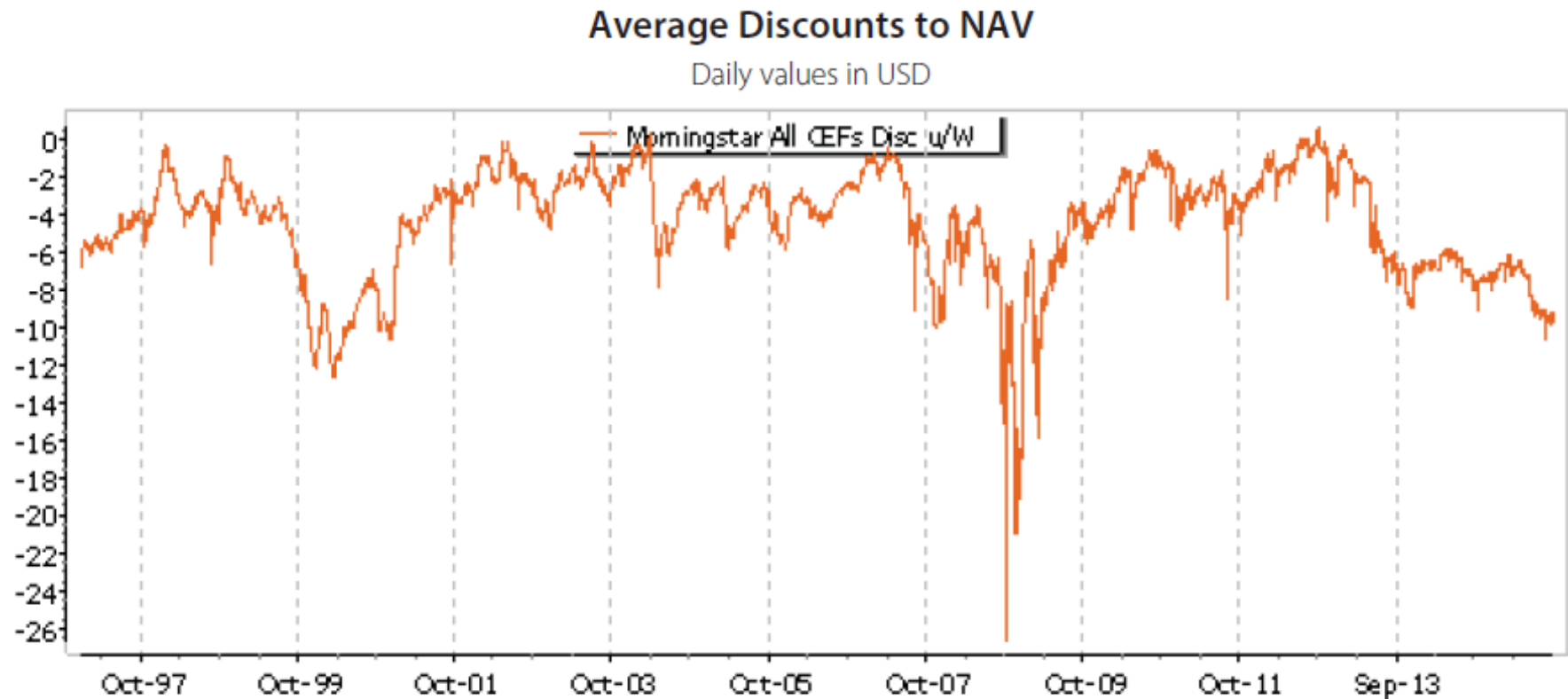
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Source: [Wikipedia.com](https://en.wikipedia.org/wiki/Covered_call)



20 Year CEF Discount History



Source: Morningstar





Closed-End Fund Advisors

Asset Class Annual Returns 2005 - 2015

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 YTD	2005 - 2014
World Stock 11.73%	REIT 30.52%	MLP 12.61%	Muni Bond -5.09%	Senior Loan 76.30%	BDC 50.99%	MLP 13.87%	BDC 34.48%	US Stock 32.38%	REIT 27.15%	Preferred 2.10%	MLP 17.26%
REIT 8.38%	BDC 29.49%	World Stock 7.50%	HY Bond -26.39%	MLP 75.63%	MLP 35.63%	Muni Bond 10.63%	World Stock 16.57%	MLP 27.59%	US Stock 13.68%	Muni Bond 1.72%	BDC 10.70%
MLP 7.76%	MLP 27.06%	US Stock 5.57%	Convertible -29.44%	HY Bond 57.51%	REIT 23.89%	REIT 5.35%	US Stock 15.99%	Convertible 26.60%	Convertible 9.97%	HY Bond -2.53%	US Stock 9.49%
BDC 7.16%	World Stock 26.59%	Covered Call 5.07%	Preferred -32.02%	Convertible 45.63%	Convertible 15.68%	HY Bond 4.38%	HY Bond 15.58%	World Stock 23.41%	Muni Bond 9.26%	Senior Loan -2.68%	Convertible 9.41%
Senior Loan 5.66%	US Stock 15.78%	Convertible 3.95%	Covered Call -33.38%	BDC 42.78%	HY Bond 15.19%	US Stock 2.11%	Senior Loan 14.33%	Covered Call 20.84%	Covered Call 7.87%	Convertible -2.77%	HY Bond 9.29%
US Stock 4.91%	Covered Call 14.64%	Muni Bond 2.81%	US Stock -37.00%	World Stock 32.89%	US Stock 15.06%	Covered Call 2.02%	Convertible 13.63%	BDC 16.33%	Preferred 6.86%	REIT -3.01%	World Stock 8.59%
Muni Bond 4.16%	Convertible 12.03%	HY Bond 2.19%	MLP -37.11%	Preferred 32.12%	Senior Loan 14.98%	Senior Loan 1.48%	REIT 13.40%	Senior Loan 11.73%	MLP 4.80%	US Stock -5.29%	Senior Loan 8.45%
Covered Call 3.93%	HY Bond 11.77%	Senior Loan -0.50%	World Stock -40.95%	Covered Call 27.91%	Covered Call 13.69%	Convertible -3.76%	Covered Call 11.22%	HY Bond 7.42%	World Stock 3.69%	Covered Call -5.44%	Covered Call 7.38%
HY Bond 2.74%	Senior Loan 8.82%	BDC -14.17%	REIT -42.54%	US Stock 26.45%	World Stock 11.07%	World Stock -6.60%	Preferred 10.81%	REIT -1.74%	Senior Loan 3.02%	World Stock -6.60%	REIT 6.53%
Convertible -0.19%	Muni Bond 5.30%	Preferred -17.69%	BDC -45.07%	REIT 21.90%	Preferred 6.36%	BDC -7.18%	Muni Bond 7.42%	Muni Bond -2.55%	HY Bond 2.50%	BDC -8.26%	Muni Bond 4.90%
Preferred -5.55%	Preferred 1.92%	REIT -20.97%	Senior Loan -51.37%	Muni Bond 14.63%	Muni Bond 2.45%	Preferred -7.93%	MLP 4.80%	Preferred -6.75%	BDC -7.79%	MLP -30.70%	Preferred -1.19%

US Stock – S&P 500 Index; REIT – Wilshire REIT Index; MLP – Alerian MLP Index; BDC – Wells Fargo BDC Index; High Yield Bond – Bank of America Merrill Lynch US HY Index; Preferred – S&P Preferred Stock Index; World Stock – MSCI All Country World Index; Sr Loan – Morningstar US Senior Loan Funds Index; Muni Bond – S&P Municipal Bond Index; Covered Call – S&P 500 Stock Covered Call Index; Convertible – BofA Merrill Lynch All U.S. Convertibles Index. Returns data are total returns which include dividends and capital appreciation. "2005 - 2014" column shows yearly average for each sector. You cannot invest directly in an Index. Past performance is not an indication of future results. Current year data for all indexes except "BDC Index" is sourced from index provider documents as of 9/30/2015. Wells Fargo BDC Index is sourced from Google Finance. Historical data is sourced from Bloomberg and Morningstar.



Closed-End Fund Advisors

Closed-End Fund Discount / Premium 2005 - 2015

2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015 YTD	2005 - 2014
BDC 13.52%	BDC 29.07%	BDC -5.27%	MLP 1.64%	MLP 10.80%	BDC 6.04%	HY Bond 3.56%	BDC 6.13%	BDC 7.20%	Convertible -2.98%	MLP 3.67%	MLP -0.12%
Convertible 2.25%	Convertible 11.62%	World Stock -6.78%	Senior Loan -6.36%	Covered Call -0.64%	MLP 3.66%	Muni Bond 1.41%	MLP 4.94%	MLP -0.21%	MLP -3.79%	Muni Bond -7.36%	BDC -0.41%
Muni Bond -2.29%	Covered Call 1.72%	Muni Bond -7.72%	Preferred -7.05%	Senior Loan -1.68%	Convertible 1.61%	Preferred -0.28%	Senior Loan 1.10%	HY Bond -4.64%	HY Bond -4.95%	Covered Call -8.56%	Convertible -2.17%
World Stock -4.00%	Preferred 0.48%	Preferred -7.73%	Convertible -7.57%	Convertible -3.02%	Senior Loan 0.04%	MLP -1.48%	Muni Bond 0.05%	Senior Loan -4.98%	Muni Bond -7.04%	Preferred -9.74%	HY Bond -3.86%
US Stock -6.36%	World Stock -0.43%	MLP -8.37%	HY Bond -8.60%	Muni Bond -3.08%	Muni Bond -1.11%	Convertible -2.73%	HY Bond -0.32%	Convertible -6.50%	Preferred -7.35%	US Stock -11.78%	Muni Bond -4.08%
HY Bond -6.68	Muni Bond -0.81%	REIT -8.73%	World Stock -12.69%	HY Bond -3.27%	HY Bond -2.49%	Senior Loan -4.56%	Preferred -2.03%	Muni Bond -7.03%	BDC -7.67%	HY Bond -11.91%	Senior Loan -4.65%
MLP -7.04%	HY Bond -1.04%	US Stock -8.81%	Muni Bond -13.19%	World Stock 5.78%	Covered Call -4.37%	REIT -9.21%	Convertible -4.55%	Preferred -7.24%	Covered Call -8.44%	Senior Loan -12.03%	Preferred -5.81%
Covered Call -7.90%	MLP -1.40%	Senior Loan -9.80%	Covered Call -14.10%	Preferred -6.92%	REIT -4.46%	BDC -7.32%	REIT -5.26%	World Stock -8.33%	Senior Loan -8.97%	World Stock -12.08%	World Stock -7.20%
REIT -9.71%	Senior Loan -1.55%	Convertible -9.83%	US Stock -15.43%	US Stock -10.72%	World Stock -6.73%	World Stock -9.73%	World Stock -8.34%	US Stock -8.76%	World Stock -9.22%	Convertible -13.78%	Covered Call -7.53%
Senior Loan -9.78%	US Stock -1.70%	Covered Call -10.03%	REIT -24.53%	REIT -13.36%	Preferred -6.82%	Covered Call -12.13%	Covered Call -9.71%	Covered Call -9.72%	US Stock -9.58%	REIT -13.80%	US Stock -9.52%
Preferred -13.19%	REIT -4.71%	HY Bond -10.13%	BDC -32.29%	BDC -13.53%	US Stock -9.82%	US Stock -13.03%	US Stock -10.99%	REIT -12.99%	REIT -13.5%	BDC -18.92%	REIT -10.65%

Historical Premium / Discount values as of December 31 of each year. 2015 YTD Premium / Discount value as of September 30, 2015. "2005 - 2014" column shows yearly average for each sector.

Data sourced from Closed-End Fund Advisors 'CEFU Report' and Telemet. Past performance is not an indication of future results

Contact@CEFadvisors.com -- Toll Free: (800) 356-3508 -- www.CEFadvisors.com

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Traditional Closed-End Fund NAV – Market Price Correlation

Fund Grouping	Correlation 1 year	Correlation 3 year	Correlation Trend
National Muni Bond Funds	82.1%	86.9%	-5%
MLP Funds	96.4%	88.4%	8%
Covered Call Funds	86.5%	90.4%	-4%

Data as of September 30, 2015

Source: CEFA's Closed-End Fund Universe Report



CEF Groups

NAV Total Return Correlation

Fund Grouping	National Muni Bond Funds	MLP Funds	Covered Call Funds
National Muni Bond Funds (99 Funds)	-	-0.4%	-16.9%
MLP Funds (27 Funds)	-0.4%	-	78.2%
Covered Call Funds (27 Funds)	-16.9%	78.2%	-

* Calculation based on Quarterly NAV Total Returns between 10/1/12 – 9/30/15

Data as of September 30, 2015

Source: CEFA's Closed-End Fund Universe Report



Closed-End Funds Performance

Fund Grouping	National Muni Bond Funds	MLP Funds	Covered Call Funds
NAV TOTAL RETURN			
1 Year	4.5%	-42.4%	-2.0%
3 Year	13.3%	-9.8%	18.6%
MARKET PRICE TOTAL RETURN			
1 Year	5.3%	-40.4%	-5.7%
3 Year	1.6%	-16.7%	18.2%
NAV RETURN			
1 Year	-1.0%	-48.3%	-10.3%
3 Year	-3.4%	-32.1%	-7.1%
MARKET PRICE RETURN			
1 Year	-0.7%	-46.7%	-14.5%
3 Year	-14.4%	-38.0%	-9.3%
Dividend Changes since October 1, 2012			
Increases	53(+3.4%)	134 (+1.6%)	5(+7.3%)
Decreases	166 (-5.8%)	4(-39.8%)	13(-14.6%)



Data as of September 30, 2015

www.CEFadvisors.com

Source: CEFA's Closed-End Fund Universe Report

Traditional Closed-End Fund

After Tax Yield & Price Volatility

Fund Grouping	Current Total Yield (forward)	Total Yield After Tax (12 m trailing)*	Price St Dev (12m)	NAV St Dev (12m)	Leverage
National Muni Bond Funds	5.9%	6.0%	8.9	3.5	32%
MLP Funds	11.6%	11.0%	30.9	29.4	30%
Covered Call Funds	10.1%	8.5%	16.7	14.1	3%
Blended Yield	9.2%	8.5%	18.8	15.7	21.7%

* Non Tax-Free Income and Short Term Capital Gains are reduced by 40%; Long Term Capital Gains are reduced by 15%

Data as of September 30, 2015

Source: CEFA's Closed-End Fund Universe Report



CEF Advisors' Primary Investment Philosophy

CEF Investing is a Blend of Income & Contrarian Investment Opportunities

Four Questions We Ask Constantly:

- 1) What has been normal for the fund; historically or vs. its peers?
- 2) Is the CEF over, under or fairly valued?
- 3) Is the dividend sustainable and reasonable for the sector?
- 4) Has the manager achieved good net asset value performance?

We Look to get in a CEF ahead of, or alongside activist investors.

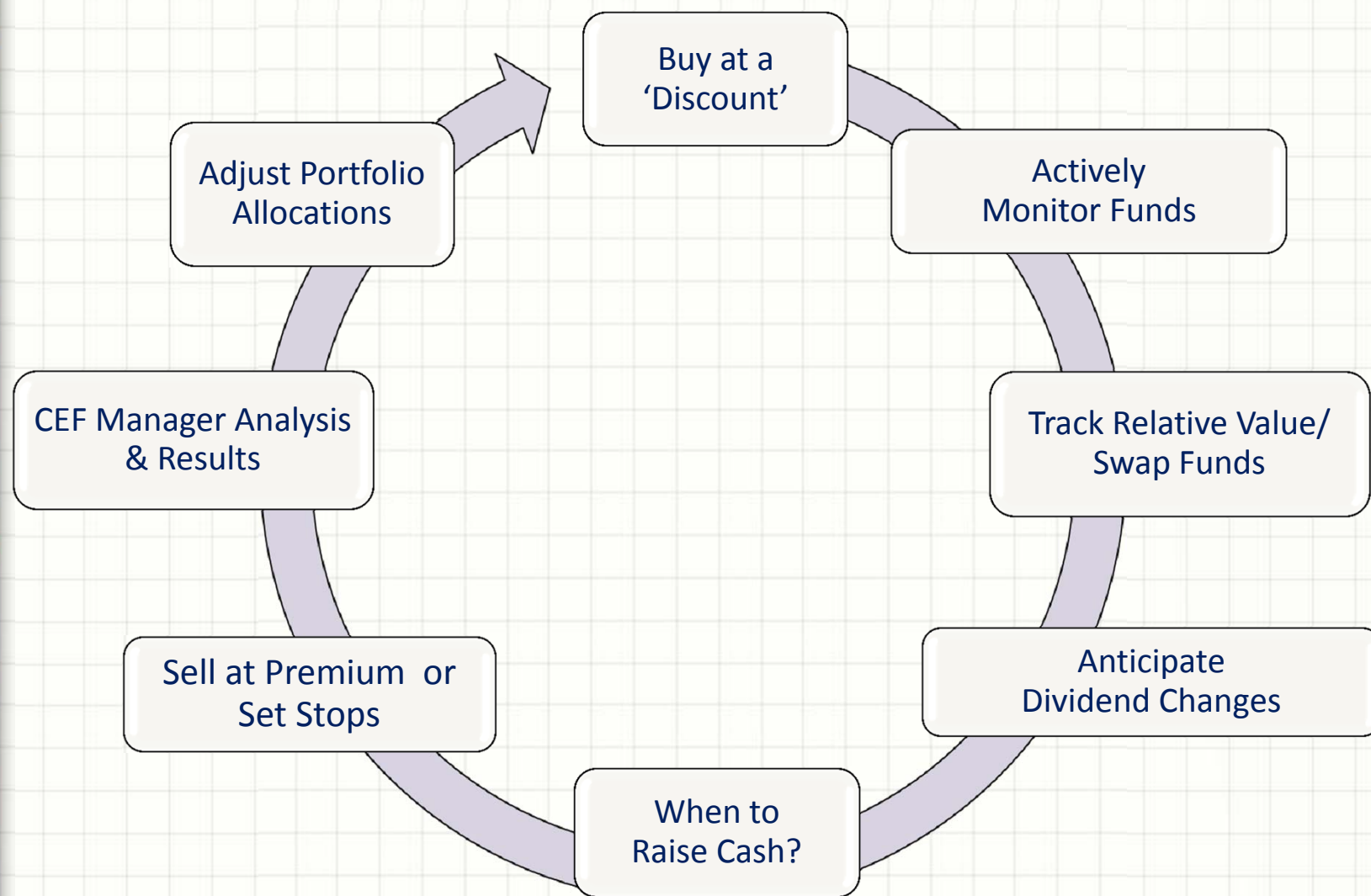
How? We track a CEF's historical & peer comparison:

- Discount trend level
- Volume trend level
- Market price / NAV correlation
- New and updated 13/D or 13/F SEC filings

Note: A bond CEF should be thought of as an equity that 'derives' its value from bonds vs. a bond or a bond OEF/ETF



Circle of Portfolio Management



Model Portfolio Sector Overview

Potential Portfolio Allocation	Sector Risks	Sector Upside	Portfolio Benefit
MLP Funds (20% - 40%)	Energy Price Related: though Midstream MLPs have generally less risk.	Oil prices and sector recover, US continues to develop energy independence from middle east.	High occurrence of tax-beneficial distributions. Professional Management vs. Individual MLP
Covered Call Funds (20% - 40%)	Equity Market Risk and hard to capture the full upside in a strong bull market	US and Global Markets continue on positive trajectory.	Typically 1/3 less volatility, often tax beneficial RoC distributions and significant regular income
National Muni Bond Funds (20% - 50%)	Leveraged Duration Risk. Limited capital appreciation potential	Taxes are likely to continue to rise, and municipalities have a need to raise capital to develop infrastructure	Generally hedges equity risk in most portfolios. Default risk is very low. Generally best tax-free income available to investors

Key CEF Data For Analysis (Importance)

CEF Data Point	MLP Funds	Covered Call Funds	Muni Bond Funds
Discounts (current and historical)	Very	Very	Very
6 Month Relative Z-Stat	Moderate	Moderate	Moderate
Leverage Amount and Type	Moderate	N/A	Moderate
Market Price and NAV Volatility	Low	Low	Low
Earnings Coverage and UNII Trend	N/A	N/A	Very
Comp NAV TR – 6 month and 1 Year	Very	Very	Very
% Dividends RoC (3 mo, 1 Yr & 3 Yr)	Very	Moderate	N/A
Yield Range (5.65% to 11.5%)	Moderate	Very	Moderate
Leverage Adjusted NAV Yield	Moderate	Very	Low
Trading Liquidity and Market Cap	Low	Moderate	Very
Leverage Adjusted Duration	N/A	N/A	Moderate
Fund Sponsor and Manager Analysis	Very	Very	Very

Note: CEFA uses a CEF's data vs. peer data in addition to market and manager analysis to make investment decisions and models allocations.



Current Tax Sensitive Income Model Portfolio

- 10 National Muni Bond Funds (33.4%)
- 5 Covered Call Funds (33.3%)
- 5 Master Limited Partnership (MLP) Funds (33.3%)
- Weighted Discount: -9%*
- Weighted Leverage: 20.5%*
- Weighted Yield: 8.25%*
- After Tax Estimated Model Yield 7.95%*
(Estimated 0.79% Delayed LT Cap Gains from RoC)



*As of 11/10/15 CEFA's CEF Universe Data



CEF Advisors Services

- Discretionary Separate Account Portfolio Management (Direct or through a FA)
- Unit Investment Trusts and Covestor Models
- Weekly CEF/BDC Data 180/120 Data Points:
\$985 / year or \$310 Quarter and (\$395 PDF Only Option)
- Daily CEF/BDC News and SEC Alert Service: \$104 /year
- Consulting Projects: \$500 Min
- **IN BETA** – Personalized Portfolio Model Access \$1000 / quarter 1 –hour consulting time)
- **IN DEVELOPMENT** – Web-based CEF/BDC Research System
- Data Updated Daily with Fundamental and Market Price/NAV data, CEF/BDC Fund Screener and Sorter and Deep Data Page for Each US listed BDCs and CEFs
- Fund Sponsor Level Comparison Data, Institutional Owner Comparison Data, CEF/BDC Activist Comparison Data
- CEF Focused UIT, ETF, OEF, CEF (other potentially other products) Comparison Data
- CEFU PDF Preset Screens in Live Environment, CEF/BDC Major and Minor Group Peer Average Data
- Email Alerts based on predetermined settings; discount, price/NAV movements, data point updated by fund or goes above or below preset level.
- Track/Compare Funds for Swapping Potentials



Current CEF Advisors Portfolio Models

- **Diversified Growth** (1/1999)
 - 80% Equity / 10% Bond / 10% BDC: Tactical and wide mandate w/ 3%-5%+ est. yield
- **Growth & Income** (1/1999)
 - 72% Equity / 16% Bond / 12% BDC: Diversified, tactical and wide mandate w/ 6%+ est. yield
- **International Opportunity** (11/2002)
 - Primarily equity oriented funds w/ little direct US exposure 3%+ est. yield
- **Hybrid Income** (12/2006)
 - 50% Equity / 30% Bond / 20% BDC: Diversified, tactical and wide mandate w/ 9.5%+ est. yield
- **Foundation/Balanced** (10/2009)
 - 55% Equity / 37% Bond / 8% BDC: Diversified and tactical w/ 6%-7.5% est. yield
- **Conservative Diversified** (5/2009)
 - Primarily CEF-based with 37% Equity / 24% Bond / 5% BDC: Diversified & tactical. Exposure to Non traditional equity/bond ETFs & OEFs (34%) seeking to reduce portfolio volatility
- **Special Situations** (6/2013)
 - A focused portfolio of 4-7 CEFs & BDCs 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)
 - An actively managed municipal bond portfolio comprising of both National and State Muni funds. Constantly monitoring for diversified, high quality blended tax free yield while seeking to protect principal
- **Business Development Company (BDC) Funds** (1/2015)
 - Diversified selection of BDCs seeking consistent income & positive growth of principal and exploiting the increased inefficiencies from a group of funds that trade 5X the liquidity and 20%+ more yield than traditional taxable CEFs. BDCs are generally liquid venture debt exposure to private US companies.
www.BDCuniverse.net

Note: When the percentage allocations above do not add up to 100%, the balance is cash exposure for the portfolio model. Account CEFA manages under \$100K in value can have allocation variance's due to a smaller number of funds held in the account. Model allocations are as of 9/2/2015.



CEFA Model Performance

CEFA Composite Performance (Net)* As of September 30, 2015

Investment Portfolio Model	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Conservative Diversified	-9.41%	-9.54%	-9.68%	0.59%	2.80%	N/A	4.78%	5/1/2009
Foundation/Balanced	-9.83%	-9.53%	-9.56%	2.02%	3.86%	N/A	6.10%	9/1/2009
Global Growth & Income	-10.95%	-10.98%	-12.17%	0.92%	2.56%	2.14%	3.58%	1/1/1999
Globally Diversified Growth	-8.36%	-7.67%	-8.82%	3.13%	4.67%	3.83%	5.26%	1/1/1999
Hybrid Income	-8.30%	-7.97%	-9.36%	3.40%	6.64%	N/A	4.14%	12/1/2006
International Equity	-12.16%	-10.66%	-12.98%	0.52%	1.52%	3.24%	8.43%	11/1/2002
Business Development Companies	-4.58%	-1.43%	N/A	N/A	N/A	N/A	-1.43%	1/1/2015
Managed Municipal Bond CEFs	3.43%	2.81%	7.27%	N/A	N/A	N/A	6.94%	8/1/2014
Special Opportunities	-2.84%	2.23%	0.70%	N/A	N/A	N/A	6.17%	6/1/2013

Growth of \$1,000,000 Invested CEFA's Globally Diversified Growth model on January 1, 1999*

Globally Diversified Growth	\$2,350,658
S&P 500 Total Return	\$2,130,104
Barclays Capital Global Agg Bond Total Return	\$1,976,046
60/40 S&P 500/Barclays Bond	\$2,068,481

Benchmarks	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
S&P 500 Total Return	-6.44%	-5.29%	-0.62%	12.41%	13.34%	6.80%	4.64%	1/1/1999
Barclays Capital Global Aggregate Bond	0.85%	-2.25%	-3.27%	-1.59%	0.82%	3.71%	4.17%	1/1/1999
MSCI World (Ex-US)	-10.57%	-6.69%	-10.14%	4.60%	3.42%	2.92%	7.34%	11/1/2002
Barclays Municipal Bond	1.65%	1.77%	3.16%	N/A	N/A	N/A	3.86%	8/1/2014
Thomson Taxable Fixed Inc CEF TR	-2.69%	-2.95%	-3.78%	-0.49%	3.16%	N/A	7.28%	12/1/2006
Thomson All Equity CEF TR	-11.10%	-10.44%	-11.53%	1.09%	3.92%	N/A	2.42%	12/1/2006
60/40 S&P 500/Barclays Bond	-3.52%	-4.07%	-1.68%	6.81%	8.33%	5.56%	4.45%	1/1/1999

***DISCLOSURES:** The net returns presented above for all of CEFA's composites were calculated on a time-weighted return basis. All dividends, interest and income, realized and unrealized gains and losses, brokerage and custodial fees are fully reflected. CEFA advisory fees are fully detailed in its ADV Part 2, which is available upon request by calling John Cole Scott at (804) 288-2482. The CEFA composite includes all actual fee-paying and non-fee-paying, fully discretionary accounts in this investment strategy that have been under CEFA management for at least three months. Diversified Growth and Growth & Income Models: These accounts are managed by both John Cole Scott and George Scott. John Cole Scott began managing accounts in the composite 06/31/2009. The founder of CEFA, George Scott has been managing accounts since the composites inception. As of December 31, 2013, the percentage of non-fee-paying CEFA accounts in this strategy was 10% Growth and 11% Growth & Income. The inception date of both the Globally Diversified Growth and Growth and Income composite is January 31, 1999. Hybrid Income Model: As of December 31, 2013, the percentage of non-fee-paying CEFA accounts in this strategy was 0%. The inception date of the Hybrid Income composite is November 1, 2006. International Opportunity: These accounts are managed by both John Cole Scott and George Scott. John Cole Scott began managing accounts in the International composite 12/31/2010. The founder of CEFA, George Scott has been managing accounts since the composites inception. As of December 31, 2013, the percentage of non-fee-paying CEFA accounts in this strategy was 11%. The inception date of the International Equity(formerly called International Equity and International REIT) composite is November 1, 2002. Foundation Balanced, Conservative Diversified and Special Opportunities: CEFA composites include all fee paying and non-fee paying clients in the model that have given CEFA full discretion and managed only by John Cole Scott. The percentage of non-fee-paying CEFA accounts these models is 0%.

The results for individual accounts at different periods may vary. Investors should not rely on prior performance as a reliable indication of future results. These figures are unaudited and may be subject to change. The information provided should not be considered as a recommendation to buy or sell any particular security outside of a managed account. CEFA reserves the right to modify its current investment strategies and techniques based on changing market conditions or client needs. The S&P 500 and DJ World Stock (excluding U.S.) indices were calculated using total return analysis with dividends reinvested. These indexes have not been selected to represent an appropriate benchmark to compare an client's performance, but rather is disclosed to allow for comparison of the client's performance to that of a certain well-known and widely recognized index.

Appendix 1: Portfolio Manager Bios

George Cole Scott

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

George's investment career started in 1969 when he joined a regional brokerage firm after a career as a journalist. In 1976 he helped a client buy control of a deeply discounted CEF which became Bergstrom Capital (AMEX: BEM). 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. He has also worked with various closed-end funds on a consulting basis. George is one of a few CEF specialists with more than four decades of CEF experience .

John Cole Scott, CFS

Chief Investment Officer 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 40 occasions. In 2008 John founded *CEFA's Closed-End Fund Universe*, a comprehensive weekly data service covering 180+ data points for all US listed closed-end funds and 115+ for BDC Funds. 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 Investment Committee for The New York State Society of The Cincinnati.





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Diversified Growth and Growth & Income Models: These accounts are managed by both John Cole Scott and George Scott. John Cole Scott began managing accounts in the composite 06/31/2009. The founder of CEFA, George Scott has been managing accounts since the composites inception. As of December 31, 2013, the percentage of non-fee-paying CEFA accounts in this strategy was 10% Growth and 11% Growth & Income. The inception date of both the Globally Diversified Growth and Growth and Income composite is January 31, 1999. **Hybrid Income Model:** As of December 31, 2013, the percentage of non-fee-paying CEFA accounts in this strategy was 0%. The inception date of the Hybrid Income composite is November 1, 2006. **International Opportunity:** These accounts are managed by both John Cole Scott and George Scott. John Cole Scott began managing accounts in the International composite 12/31/2010. The founder of CEFA, George Scott has been managing accounts since the composites inception. As of December 31, 2013, the percentage of non-fee-paying CEFA accounts in this strategy was 11%. The inception date of the International Equity (formerly called International Equity and International REIT) composite is November 1, 2002. **Foundation Balanced, Conservative Diversified and Special Opportunities:** CEFA composites include all fee paying and non-fee paying clients in the model that have given CEFA full discretion and managed only by John Cole Scott. The percentage of non-fee-paying CEFA accounts these models is 0%.

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Closed-End Fund Advisors, Inc.
7204 Glen Forest Drive, Suite #105
Richmond, Virginia 23226 U.S.A
(800) 356-3508 / (804) 288-2482

www.CEFadvisors.com
www.BDCUniverse.net
www.CEF-Blog.com