



# QUARTERLY CLOSED-END FUND & BDC REVIEW AND OUTLOOK

**1st Quarter 2016 Review &  
2nd Quarter 2016 Outlook**

**Intermediate/Advanced CEF Skill Level**

**April 7, 2016**

**John Cole Scott, CFS  
Chief Investment Officer  
Closed-End Fund Advisors, Inc.**

***Closed-End Fund Advisors is a Registered Investment Advisory Firm Specializing  
in Closed-End Fund & BDC 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
- Two Covestor Models (Robo Advisor) Muni & BDC
- CEF & BDC News/SEC Alert & “CEFA’s Closed-End Fund Universe” Report (w/ BDCs).
- Consulting with Institutional Investors and CEF Fund Sponsors
- CEFData.com: CEF/BDC Web Modules Daily Data: Est \$1K- \$4K per quarter based on classification (Indv, RIA or FA / Fund Sponsor)



Celebrating 25 Years as  
Closed-End Fund  
Specialists



***Specializing in CEF/BDC Research, Trading & Portfolio Management***

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Founded in 1989





## Closed-End Fund Advisors

## Asset Class Annual Returns 2005 - 2015

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 YTD	2006 - 2015
REIT 30.52%	World Stock 17.12%	Corporate Debt -3.52%	Senior Loan 76.30%	BDC 50.99%	MLP 13.87%	BDC 34.48%	US Stock 32.38%	REIT 27.15%	Preferred 5.47%	REIT 5.20%	MLP 13.08%
BDC 29.49%	MLP 12.61%	Muni Bond -5.09%	MLP 75.63%	MLP 35.63%	Muni Bond 10.63%	World Stock 17.39%	MLP 27.59%	US Stock 13.68%	REIT 4.23%	BDC 4.48%	BDC 9.52%
World Stock 27.16%	US Stock 5.57%	HY Bond -26.39%	HY Bond 57.51%	REIT 23.89%	Corporate Debt 7.77%	US Stock 15.99%	Convertible 26.60%	Convertible 9.97%	Muni Bond 3.32%	Corporate Debt 3.84%	Convertible 9.31%
MLP 27.06%	Covered Call 5.07%	Convertible -29.44%	Convertible 45.63%	Convertible 15.68%	REIT 5.35%	HY Bond 15.58%	Covered Call 20.84%	Muni Bond 9.26%	US Stock 1.38%	HY Bond 3.25%	US Stock 9.14%
US Stock 15.78%	Corporate Debt 4.78%	Preferred -32.02%	BDC 42.78%	HY Bond 15.19%	HY Bond 4.38%	Senior Loan 14.33%	BDC 16.33%	Covered Call 7.87%	Corporate Debt -0.06%	Senior Loan 2.63%	HY Bond 8.55%
Covered Call 14.64%	Convertible 3.95%	Covered Call -33.38%	World Stock 42.14%	US Stock 15.06%	US Stock 2.11%	Convertible 13.63%	World Stock 15.78%	Corporate Debt 7.47%	Covered Call -0.57%	Muni Bond 1.63%	Senior Loan 7.53%
Convertible 12.03%	Muni Bond 2.81%	US Stock -37.00%	Preferred 32.12%	Senior Loan 14.98%	Covered Call 2.02%	REIT 13.40%	Senior Loan 11.73%	Preferred 6.86%	Convertible -1.15%	US Stock 1.35%	Covered Call 6.93%
HY Bond 11.77%	HY Bond 2.19%	MLP -37.11%	Covered Call 27.91%	Covered Call 13.69%	Senior Loan 1.48%	Covered Call 11.22%	HY Bond 7.42%	MLP 4.80%	Senior Loan -3.45%	Preferred 1.21%	World Stock 6.39%
Senior Loan 8.82%	Senior Loan -0.50%	REIT -42.54%	US Stock 26.45%	World Stock 11.60%	Convertible -3.76%	Preferred 10.81%	REIT -1.74%	Senior Loan 3.02%	HY Bond -4.64%	Covered Call -0.47%	REIT 6.12%
Corporate Debt 5.58%	BDC -14.17%	BDC -45.07%	REIT 21.90%	Corporate Debt 8.72%	BDC -7.18%	Corporate Debt 9.17%	Corporate Debt -1.02%	HY Bond 2.50%	BDC -4.69%	World Stock -1.03%	Corporate Debt 5.59%
Muni Bond 5.30%	Preferred -17.69%	World Stock -45.24%	Corporate Debt 17.02%	Preferred 6.36%	Preferred -7.93%	Muni Bond 7.42%	Muni Bond -2.55%	World Stock -3.44%	World Stock -5.25%	Convertible -3.03%	Muni Bond 4.82%
Preferred 1.92%	REIT -20.97%	Senior Loan -51.37%	Muni Bond 14.63%	Muni Bond 2.45%	World Stock -13.33%	MLP 4.80%	Preferred -6.75%	BDC -7.79%	MLP -34.07%	MLP -4.17%	Preferred -0.09%

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 - Ex US; 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; Corporate Debt - S&P 500 Bond Index. Returns data are total returns which include dividends and capital appreciation. "2006 - 2015" 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 3/31/2015. 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

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016 - YTD	2006 - 2015
BDC 17.77%	BDC 10.73%	MLP -4.22%	MLP 10.99%	MLP 7.93%	HY Bond 4.81%	HY Bond 8.27%	BDC 8.03%	BDC 1.69%	MLP -6.10%	Muni Bond -3.61%	MLP 0.89%
Convertible 1.25%	US Stock -1.29%	REIT -4.29%	Investment Grade 0.49%	HY Bond 2.99%	MLP 3.36%	MLP 4.82%	MLP 1.95%	Convertible -3.17%	Muni Bond -6.44%	Preferred -3.74%	HY Bond -1.38%
HY Bond -0.65%	MLP -1.82%	Investment Grade -5.75%	HY Bond -2.97%	Muni Bond 0.57%	Investment Grade 0.14%	Investment Grade 4.32%	Senior Loan -0.12%	HY Bond -3.48%	Investment Grade -6.81%	MLP -4.88%	Investment Grade -2.55%
US Stock -2.10%	Convertible -2.02%	Muni Bond -6.20%	Muni Bond -3.31%	Investment Grade 0.23%	Muni Bond -0.53%	Preferred 2.87%	HY Bond -0.63%	MLP -4.54%	Preferred -6.89%	Investment Grade -5.16%	BDC -2.59%
World Stock -2.70%	Senior Loan -2.75%	Preferred -8.28%	Preferred -4.24%	Senior Loan -0.02%	Senior Loan -1.27%	Muni Bond 1.99%	Investment Grade -2.92%	Investment Grade -4.93%	Convertible -7.98%	HY Bond -6.98%	Muni Bond -2.98%
Muni Bond -2.74%	Muni Bond -3.11%	Convertible -8.66%	World Stock -5.31%	Covered Call -1.97%	Preferred -1.61%	BDC 0.81%	Muni Bond -3.65%	Muni Bond -6.40%	BDC -8.61%	Covered Call -9.18%	Preferred -4.02%
Covered Call -3.34%	HY Bond -3.25%	World Stock -8.85%	Convertible -6.25%	Convertible -2.09%	Convertible -2.40%	Senior Loan -0.37%	Preferred -3.83%	Senior Loan -6.49%	Covered Call -8.11%	Senior Loan -9.49%	Convertible -4.08%
MLP -3.52%	World Stock -3.37%	US Stock -8.86%	Covered Call -7.30%	Preferred -2.55%	BDC -2.92%	Convertible -3.25%	REIT -5.65%	Covered Call -6.62%	HY Bond -8.41%	REIT -12.85%	Senior Loan -4.48%
Senior Loan -4.68%	Preferred -4.14%	HY Bond -10.47%	Senior Loan -8.43%	BDC -3.37%	REIT -4.48%	REIT -5.20%	Convertible -6.22%	Preferred -6.73%	Senior Loan -8.70%	US Stock -13.07%	World Stock -6.56%
Preferred -4.82%	REIT -4.22%	Covered Call -11.45%	REIT -9.66%	World Stock -4.03%	World Stock -5.69%	World Stock -7.47%	Covered Call -8.13%	World Stock -9.04%	World Stock -11.00%	World Stock -13.30%	Covered Call -6.76%
Investment Grade -4.93%	Covered Call -4.44%	Senior Loan -11.64%	US Stock -10.56%	US Stock -7.34%	Covered Call -7.41%	Covered Call -8.83%	World Stock -8.15%	US Stock -9.63%	US Stock -11.00%	Convertible -13.38%	REIT -7.37%
REIT -8.25%	Investment Grade -5.37%	BDC -18.23%	BDC -31.78%	REIT -9.10%	US Stock -8.27%	US Stock -9.66%	US Stock -9.32%	REIT -10.63%	REIT -12.21%	BDC -19.53%	US Stock -7.81%

Historical Premium / Discount expressed as average value over each year. 2016 YTD Premium / Discount average value as of March 31, 2016. "2006 - 2015" 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



# Closed-End Fund Advisors

## Closed-End Funds - NAV Total Return Correlation (10 Year)

	MLP	BDC	Convertible	HY Bond	Muni Bond	Senior Loan	Preferred	World Stock	Cov Call	US Stock	REIT	Investment Grade
MLP	100%	45.9%	81.6%	78.8%	37.7%	75.4%	48.5%	70.9%	72.9%	71.1%	51.2%	59.4%
BDC	45.9%	100%	44.7%	41.8%	13.7%	41.8%	12.3%	44.2%	44.1%	39.4%	26.6%	19.0%
Convertible	81.6%	44.7%	100%	96.4%	53.0%	92.3%	73.1%	92.2%	91.1%	92.9%	76.8%	81.9%
HY Bond	78.8%	41.8%	96.4%	100%	57.3%	96.4%	77.7%	87.3%	84.3%	90.7%	83.8%	87.3%
Muni Bond	37.7%	13.7%	53.0%	57.3%	100%	58.7%	48.0%	42.7%	34.0%	36.9%	45.8%	58.6%
Senior Loan	75.4%	41.8%	92.3%	96.4%	58.7%	100%	67.4%	78.2%	75.6%	83.6%	76.4%	77.7%
Preferred	48.5%	12.3%	73.1%	77.7%	48.0%	67.4%	100%	75.2%	67.7%	81.6%	80.2%	93.9%
World Stock	70.9%	44.2%	92.2%	87.3%	42.7%	78.2%	75.2%	100%	91.9%	92.9%	73.3%	82.0%
Cov Call	72.9%	44.1%	91.1%	84.3%	34.0%	75.6%	67.7%	91.9%	100%	95.1%	76.8%	72.6%
US Stock	71.1%	39.4%	92.9%	90.7%	36.9%	83.6%	81.6%	92.9%	95.1%	100%	84.8%	84.2%
REIT	51.2%	26.6%	76.8%	83.8%	45.8%	76.4%	80.2%	73.3%	76.8%	84.8%	100%	81.6%
Investment Grade	59.4%	19.0%	81.9%	87.3%	58.6%	77.7%	93.9%	82.0%	72.6%	84.2%	81.6%	100%

Correlation of 3 Month NAV Total Return values between 3/31/2006 and 3/31/2016.

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



# Closed-End Fund Advisors

## Closed-End Funds - Price Total Return Correlation (10 Year)

	MLP	BDC	Convertible	HY Bond	Muni Bond	Senior Loan	Preferred	World Stock	Cov Call	US Stock	REIT	Investment Grade
MLP	100%	63.4%	76.5%	73.9%	42.9%	73.5%	39.3%	64.9%	64.2%	69.6%	57.5%	38.5%
BDC	63.4%	100%	80.7%	79.8%	30.8%	83.1%	65.0%	79.5%	78.6%	87.7%	89.4%	53.9%
Convertible	76.5%	80.7%	100%	94.7%	51.2%	94.5%	77.2%	89.7%	93.8%	95.4%	82.4%	70.7%
HY Bond	73.9%	79.8%	94.7%	100%	65.9%	96.0%	85.6%	82.7%	88.1%	91.2%	85.2%	81.8%
Muni Bond	42.9%	30.8%	51.2%	65.9%	100%	56.4%	54.8%	38.7%	42.9%	40.8%	47.2%	64.6%
Senior Loan	73.5%	83.1%	94.5%	96.0%	56.4%	100%	79.6%	84.5%	88.8%	92.8%	85.7%	71.9%
Preferred	39.3%	65.0%	77.2%	85.6%	54.8%	79.6%	100%	70.6%	78.9%	78.4%	78.3%	92.8%
World Stock	64.9%	79.5%	89.7%	82.7%	38.7%	84.5%	70.6%	100%	90.3%	91.3%	76.7%	62.8%
Cov Call	64.2%	78.6%	93.8%	88.1%	42.9%	88.8%	78.9%	90.3%	100%	95.1%	79.9%	71.1%
US Stock	69.6%	87.7%	95.4%	91.2%	40.8%	92.8%	78.4%	91.3%	95.1%	100%	89.3%	67.2%
REIT	57.5%	89.4%	82.4%	85.2%	47.2%	85.7%	78.3%	76.7%	79.9%	89.3%	100%	66.3%
Investment Grade	38.5%	53.9%	70.7%	81.8%	64.6%	71.9%	92.8%	62.8%	71.1%	67.2%	66.3%	100%

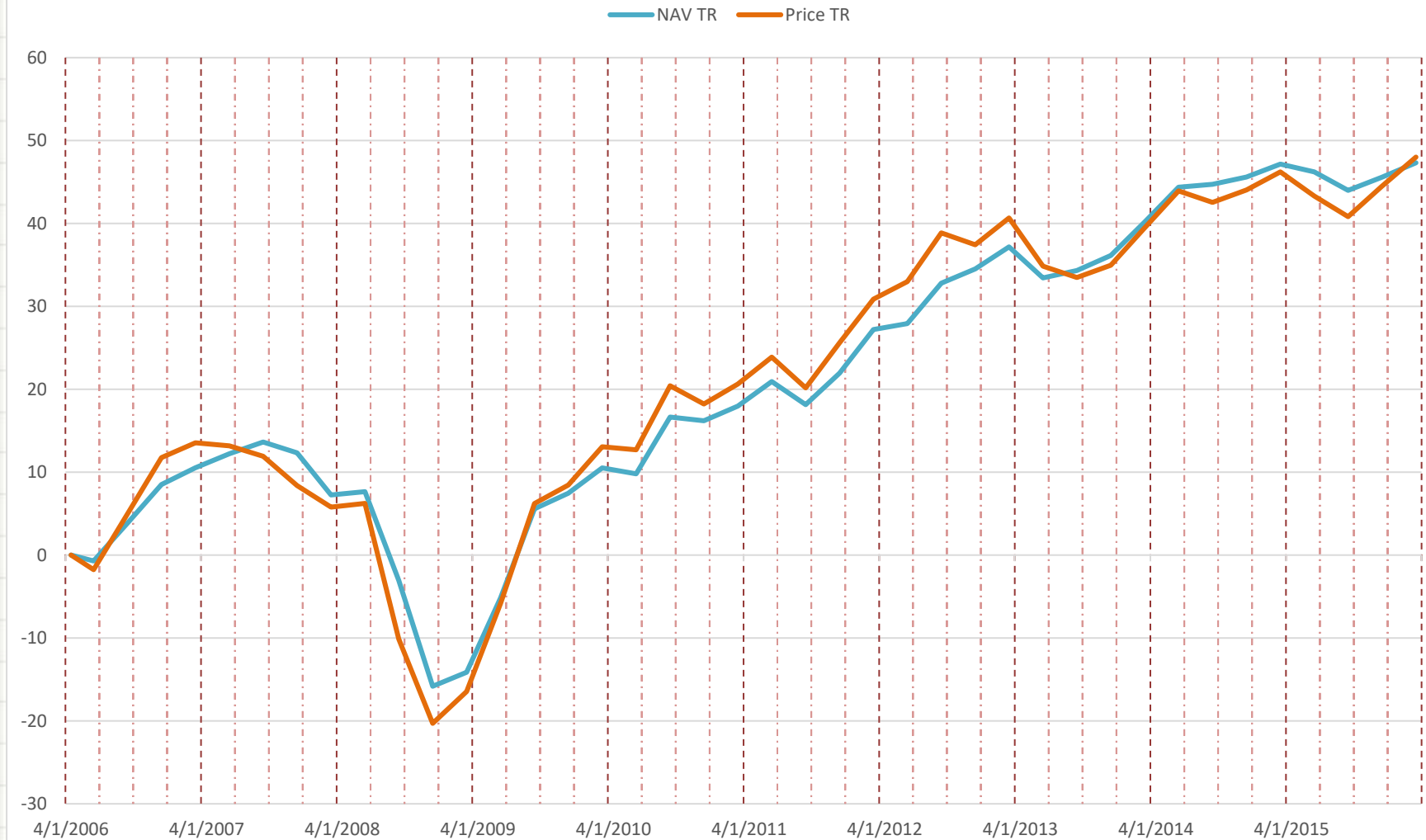
Correlation of 3 Month Price Total Return values between 3/31/2006 and 3/31/2016.

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

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

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## Trad CEF - Total Return April 1, 2006 - March 31, 2016

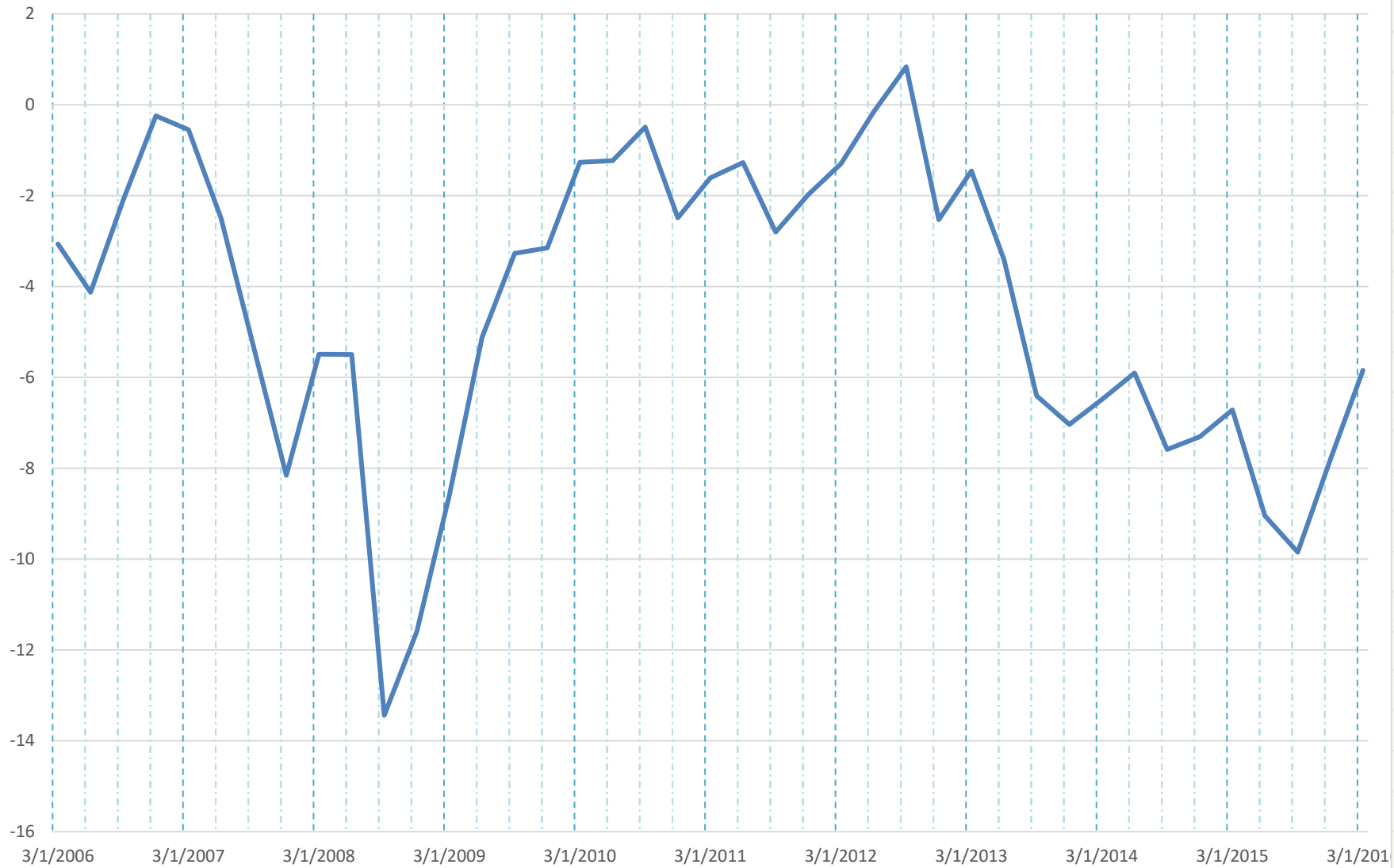


*Back-tested results also do not account for those Funds that were previously recommended by the Adviser and which are no longer included as an alternative in a client's asset allocation strategy. Thus, the back-tested performance results shown above may overestimate the potential returns a client could expect to generate due to the effect of recommended manager survivor bias.*



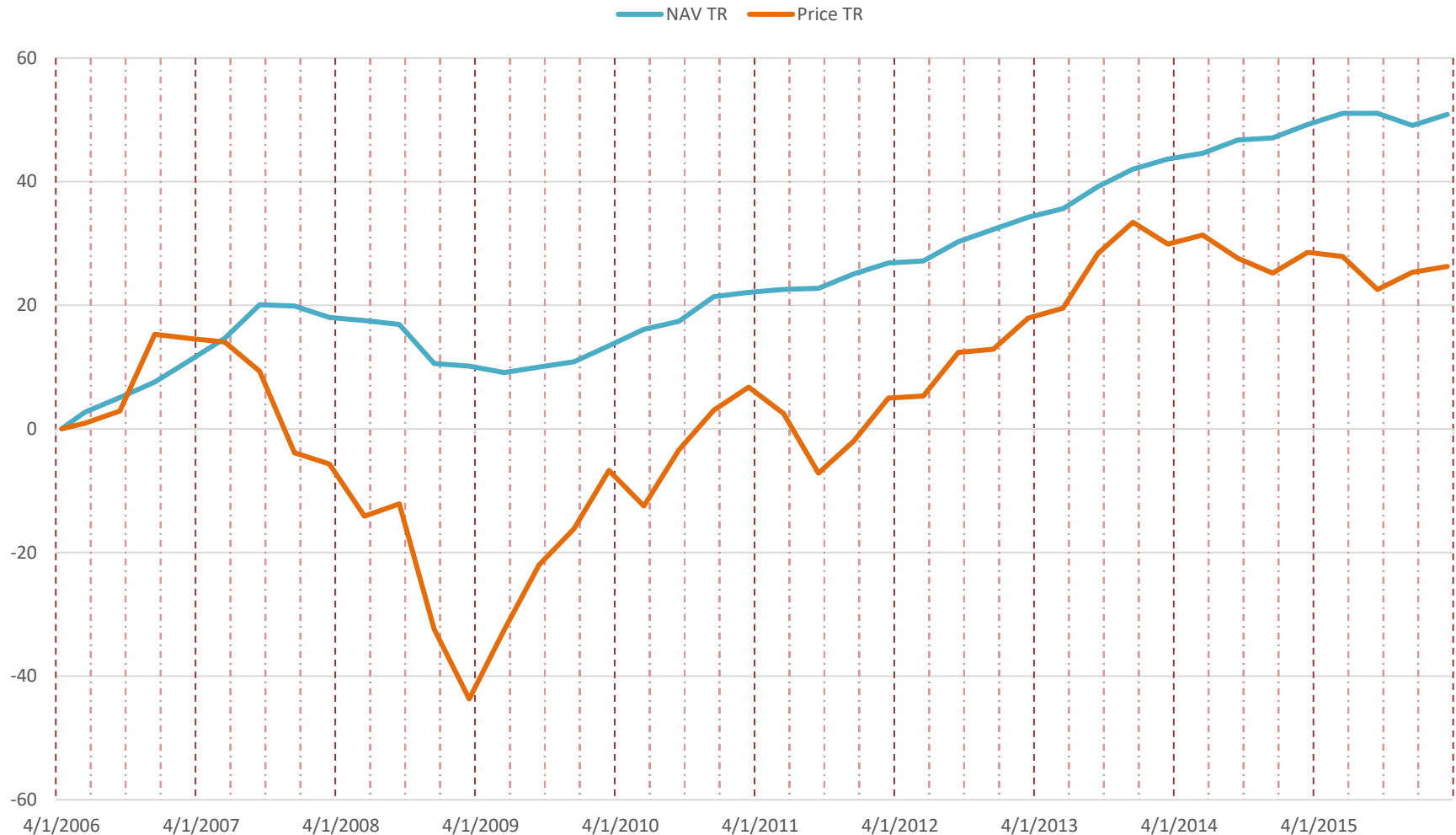


## Trad CEF - Average Discount / Premium April 1, 2006 - March 31, 2016



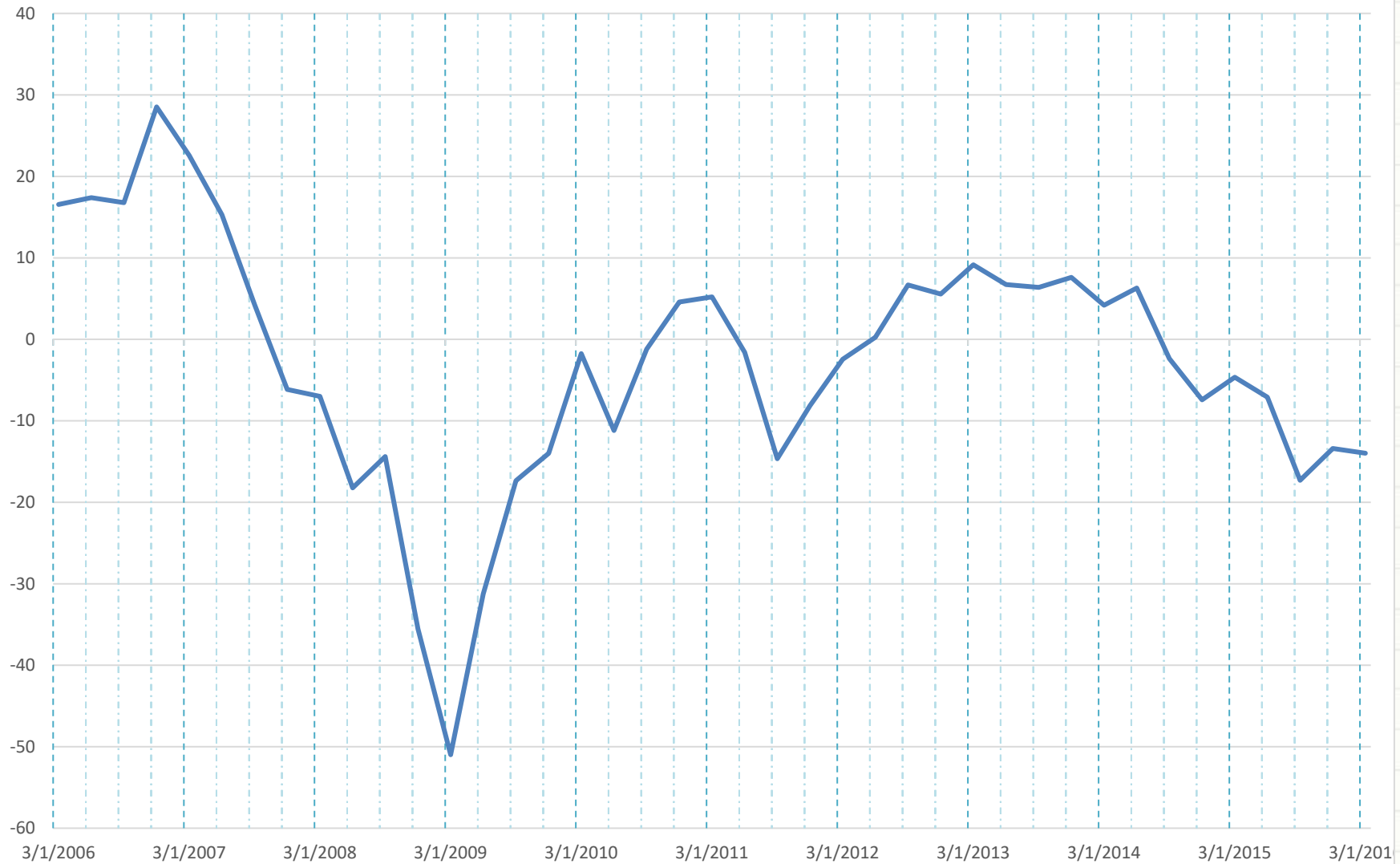
## BDC Debt - Total Return

### April 1, 2006 - March 31, 2016

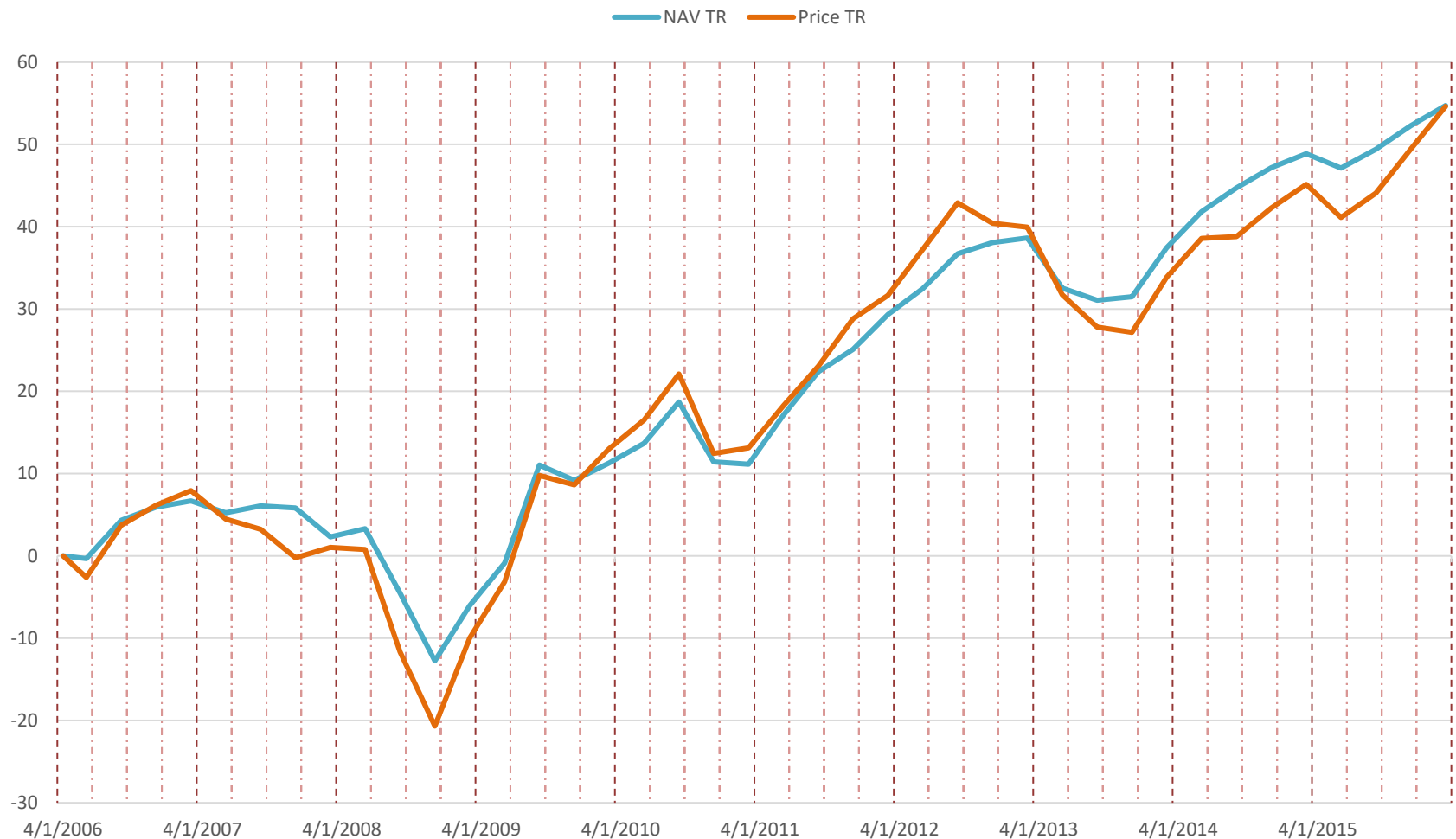


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## BDC Debt - Average Discount / Premium April 1, 2006 - March 31, 2016



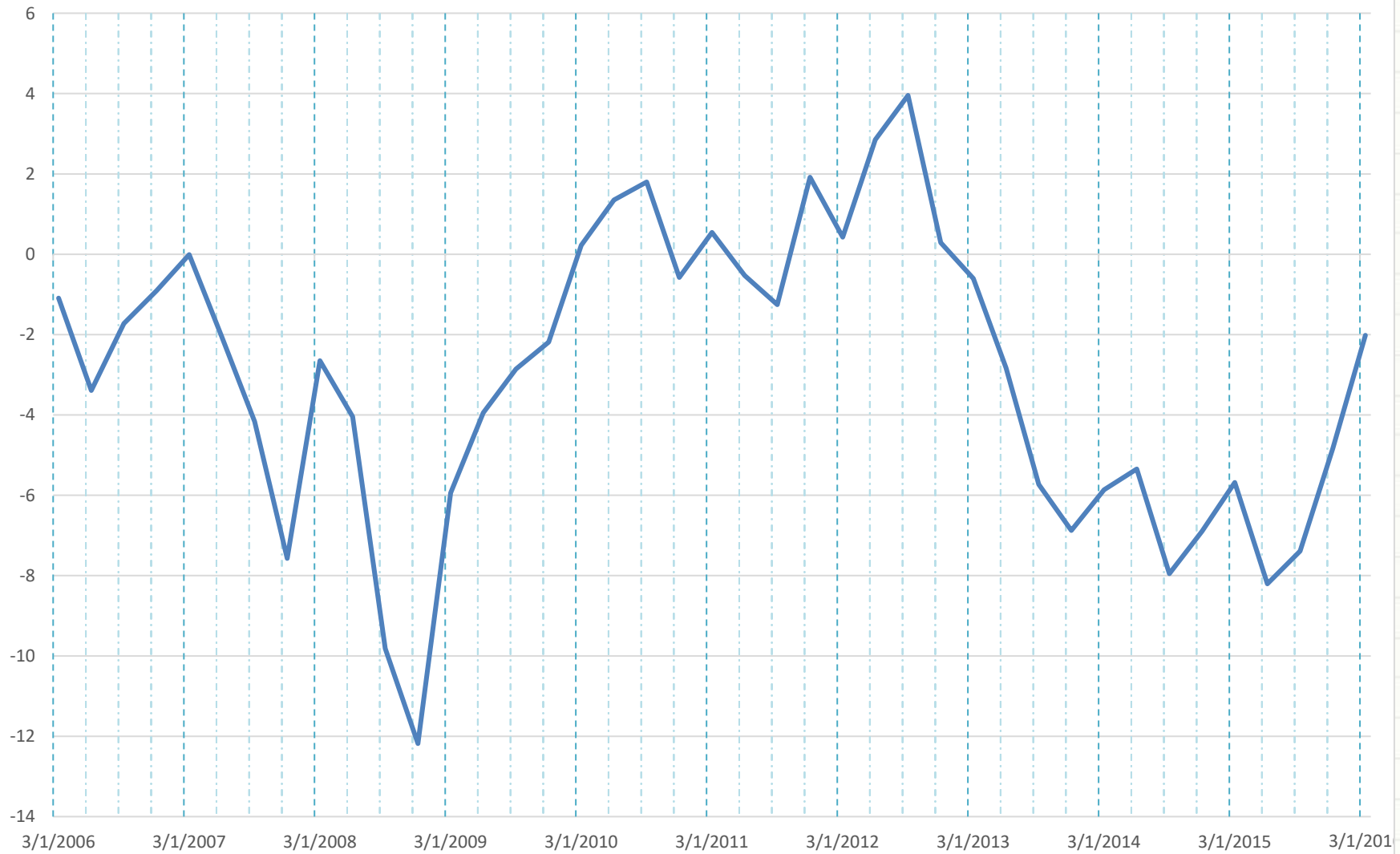
## Municipal Bonds - Total Return April 1, 2006 - March 31, 2016



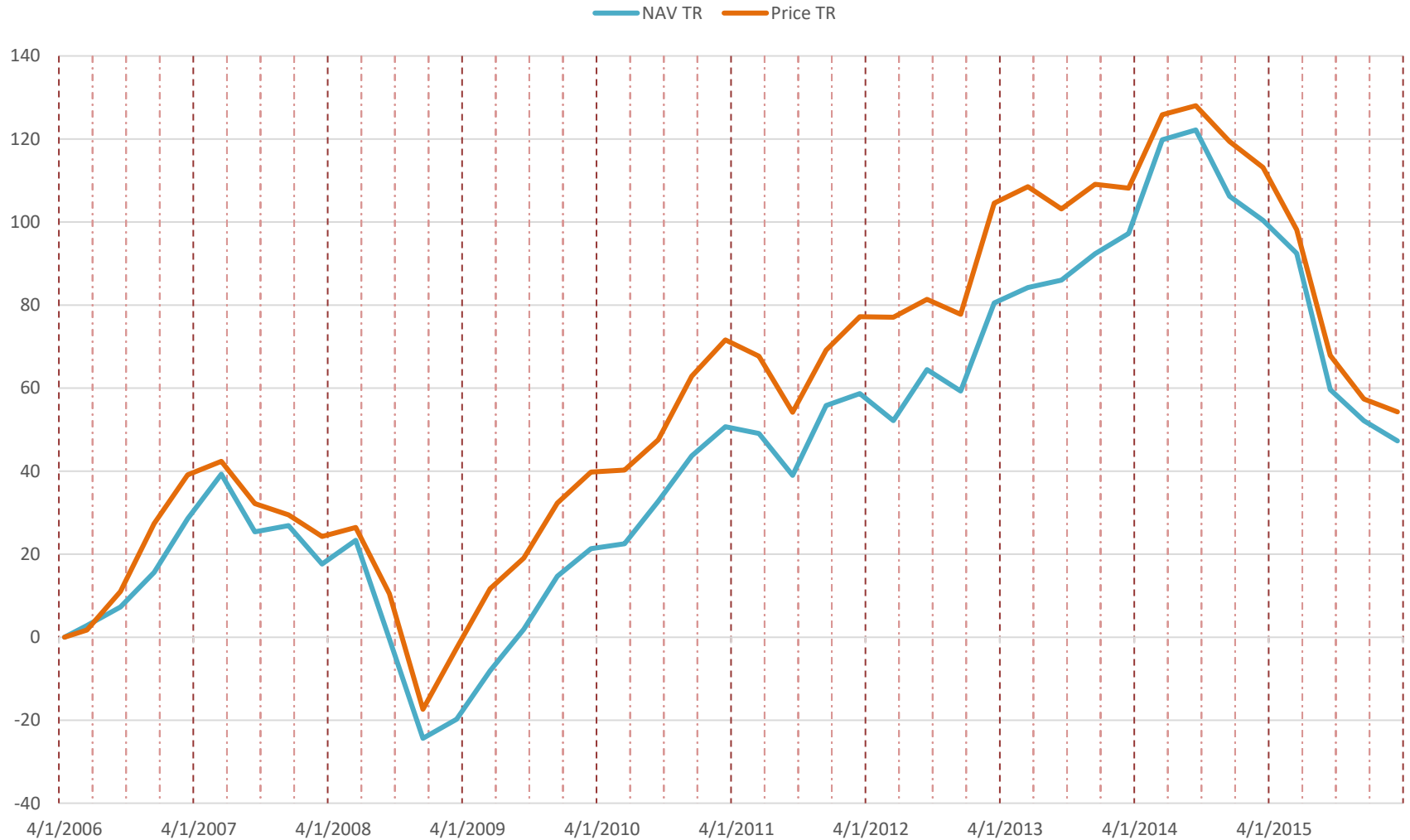
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## Municipal Bonds - Average Discount / Premium April 1, 2006 - March 31, 2016



## MLP - Total Return April 1, 2006 - March 31, 2016



*Back-tested results also do not account for those Funds that were previously recommended by the Adviser and which are no longer included as an alternative in a client's asset allocation strategy. Thus, the back-tested performance results shown above may overestimate the potential returns a client could expect to generate due to the effect of recommended manager survivor bias.*

## MLP - Average Discount / Premium

April 1, 2006 - March 31, 2016



# Current Closed-End Fund/BDC Options & Assets

1Q 2016 Ended with **561 US Traditional Closed-End Funds**  
**52 Business Development Company CEFs**

- 39 (+1) US Equity CEFs
- 120 (-1) Specialty Equity CEFs
- 63 Non US Equity CEFs

**222 Total Equity Traditional CEFs**

- 152 Taxable Bond CEFs
- 104 (+1) National Municipal Bond CEFs
- 83 Single State Municipal Bond CEFs

**339 Total Bond Traditional CEFs**

- 43 Debt Focused BDCs
- 9 Equity Focused BDCs

**52 Total BDC Closed-End Funds**

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

Millions of dollars

	1Q 2016	3Q 2015	1Q 2015	3Q 2014	1Q 2014
<b>Total Trad CEF Equity</b>	<b>103,393</b>	<b>103,518</b>	<b>123,849</b>	<b>127,902</b>	<b>121,265</b>
U.S. Equity	21,056	20,600	22,686	23,168	23,162
Non U.S. Equity	14,488	14,514	17,117	17,325	17,320
Specialty Equity	67,849	68,404	84,046	87,408	80,783
<b>Total Trad CEF Bond</b>	<b>129,064</b>	<b>130,298</b>	<b>136,998</b>	<b>138,631</b>	<b>137,281</b>
Taxable Bond	61,280	64,592	69,603	72,362	73,887
National Municipal	48,638	47,088	48,350	47,460	45,412
Single State Municipal	19,146	18,617	19,046	18,810	17,982
<b>Total Traditional CEF</b>	<b>232,457</b>	<b>233,815</b>	<b>260,848</b>	<b>266,533</b>	<b>258,546</b>
<b>Debt Focused BDC</b>	<b>28,421</b>	<b>29,915</b>	<b>27,967</b>	<b>27,893</b>	<b>N/A</b>
<b>Equity Focused BDC</b>	<b>6,045</b>	<b>7,314</b>	<b>7,307</b>	<b>7,248</b>	<b>N/A</b>
<b>Total BDC CEF</b>	<b>34,465</b>	<b>37,229</b>	<b>35,274</b>	<b>35,140</b>	<b>N/A</b>
<b>CEF GRAND TOTAL</b>	<b>266,922</b>	<b>271,045</b>	<b>296,122</b>	<b>301,673</b>	<b>N/A</b>

Source: CEFA's CEF Universe Report 3/31/16 (cef universe.com)

Source: CEF Universe Data





# Traditional & BDC CEF Overview

## Data for Major Groups



Fund Sector	Funds	Discount				Yield			Dividend												
		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%
<b>EQUITY FUNDS</b>	<b>222 Funds</b>	<b>-9.04</b>	<b>1.2</b>	<b>0.25</b>		<b>3.0</b>	<b>8.3</b>	<b>6.6</b>	<b>31</b>	<b>-6</b>			<b>34</b>	<b>14</b>	<b>24.3</b>	<b>3.1</b>	<b>1.80</b>	<b>\$466</b>	<b>1,236</b>	<b>28.04</b>	<b>15.53</b>
U.S. Equity Funds	39 Funds	-11.65	1.4	0.06		3.5	8.7	7.0	22	-1			33	13	20.8	3.0	1.66	\$540	1,154	19.42	13.64
Non U.S. Equity Funds	63 Funds	-12.70	0.6	-0.38		2.1	6.4	5.0	19	-9			38	8	21.2	2.3	1.76	\$230	482	35.01	30.02
Specialty Equity Funds	120 Funds	-6.27	1.4	0.63		3.4	9.1	7.3	41	-6			32	18	27.0	3.5	1.87	\$565	1,659	27.23	8.57
<b>BOND FUNDS</b>	<b>339 Funds</b>	<b>-3.76</b>	<b>1.9</b>	<b>1.63</b>		<b>6.3</b>	<b>6.8</b>	<b>5.1</b>	<b>5</b>	<b>-7</b>		<b>8.4</b>	<b>95</b>	<b>29</b>	<b>11.3</b>	<b>6.7</b>	<b>1.62</b>	<b>\$381</b>	<b>969</b>	<b>18.55</b>	<b>9.11</b>
Taxable Bond Funds	152 Funds	-5.90	2.3	1.29		7.8	8.8	6.6	11	-9		3.1	89	27	13.4	6.9	1.87	\$403	1,272	30.45	15.43
National Muni Bond	104 Funds	-2.28	1.5	1.96		5.4	5.4	4.0	0	-4		12.4	100	31	8.8	5.7	1.36	\$468	992	12.13	4.76
Single State Muni Bond	83 Funds	-1.69	1.7	1.86		4.9	4.9	3.6	0	-6		12.8	101	32	10.5	7.6	1.49	\$231	385	9.03	3.37
<b>Traditional CEF AVERAGE</b>	<b>561 Funds</b>	<b>-5.85</b>	<b>1.6</b>	<b>1.1</b>		<b>5.0</b>	<b>7.4</b>	<b>5.7</b>	<b>15</b>	<b>-6</b>		<b>44.3</b>	<b>71</b>	<b>23</b>	<b>16.4</b>	<b>5.3</b>	<b>1.69</b>	<b>\$414</b>	<b>1,075</b>	<b>22.12</b>	<b>11.63</b>
Fund Sector	Funds	Discount				Yield			Dividend												
		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 Inst%	Shares Activ%
Debt Focused BDC CEF	43 Funds	-13.98		-0.19	-1.00	12.0	12.0	7.0	0			-4.9	105	43	28.9		9.93	\$661	2,870	30.81	16.80
Equity Focused BDC CEF	9 Funds	-39.76		-0.54	-0.76	0.9	0.9	0.4	0			-4.7	17	15	32.6		4.03	\$672	3,287	35.42	25.74
<b>BDC CEF AVERAGE</b>	<b>52 Funds</b>	<b>-18.44</b>		<b>-0.3</b>	<b>-1.0</b>	<b>10.1</b>	<b>10.1</b>	<b>5.9</b>	<b>0</b>			<b>-4.9</b>	<b>98</b>	<b>38</b>	<b>29.5</b>		<b>8.91</b>	<b>\$663</b>	<b>2,943</b>	<b>31.61</b>	<b>18.35</b>
<b>OVERALL CEF AVERAGE</b>	<b>613 Funds</b>	<b>-6.92</b>		<b>1.0</b>		<b>5.5</b>	<b>7.6</b>	<b>5.7</b>	<b>14</b>				<b>73</b>	<b>25</b>	<b>17.5</b>		<b>2.31</b>	<b>\$435</b>	<b>1,233</b>	<b>23.10</b>	<b>12.21</b>

Source: CEFA's Closed-End Fund Universe 3/31/16  
(www.cefuniverse.com)

# CEF Universe Update

Fund Grouping	Discount / Premium		1Q NAV TR		1Q Price TR	
	Discount	Premium	Positive	Negative	Positive	Negative
Equity Traditional CEFs	197 (89%)	25 (11%)	127 (57%)	95 (43%)	136 (61%)	86 (39%)
Taxable Bond Traditional CEFs	133 (88%)	19 (12%)	110 (72%)	40 (26%)	136 (89%)	16 (11%)
Municipal Bond Traditional CEFs	134 (72%)	53 (28%)	187 (100%)	0 (0%)	184 (98%)	3 (2%)
BDCs	43 (83%)	9 (17%)	20 (38%)	32 (62%)	37 (71%)	15 (39%)
ALL CEFs	507 (83%)	106 (17%)	444 (73%)	167 (27%)	493 (80%)	120 (20%)

Data as of March 31, 2016

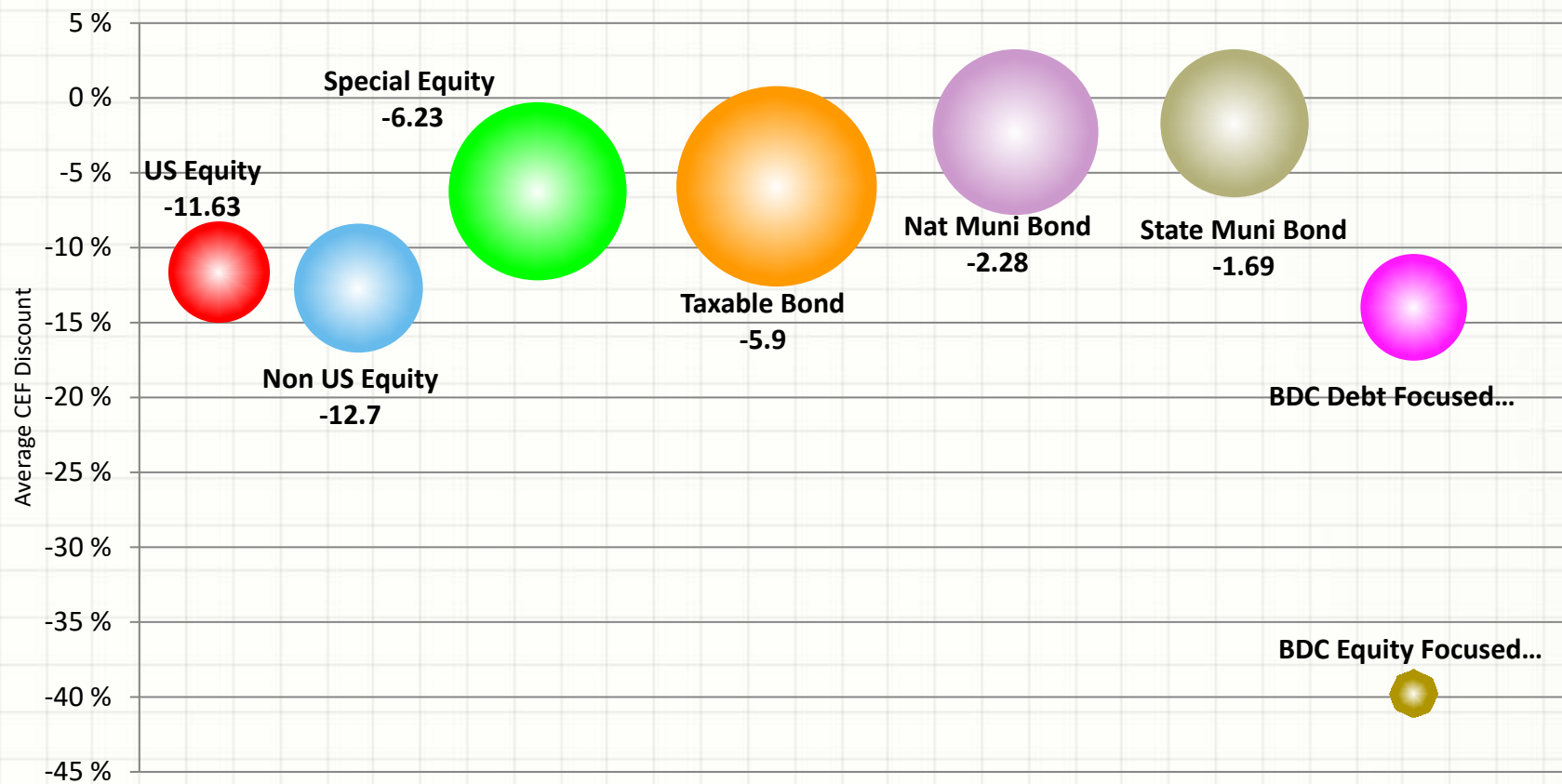
Source: CEFA's Closed-End Fund Universe Report

For BDC funds, we show 4Q15 NAV TR, as 3/31/2016 NAV hasn't been disclosed yet



# Current Closed-End Discounts

Avg CEF Discount % as of March 31, 2016



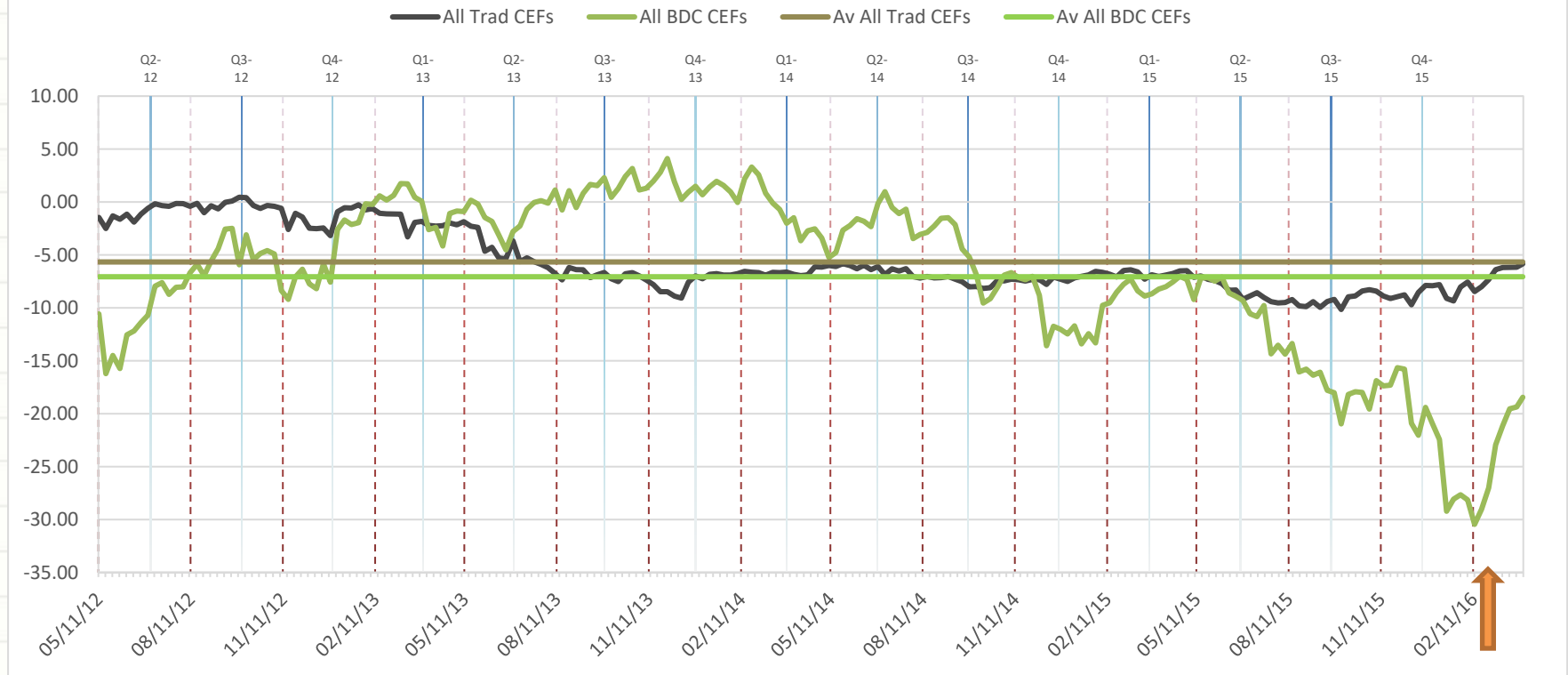
Source: CEFA's Closed-End Fund Universe ([www.cefuniverse.com](http://www.cefuniverse.com))

# Closed-End Discount Trends

## Traditional & BDC

1Q 2016 Ended with *an average CEF Discount of -6.92%*

**Main Peer Groups - Average CEF Discount**  
**May 11, 2012 - March 31, 2016**

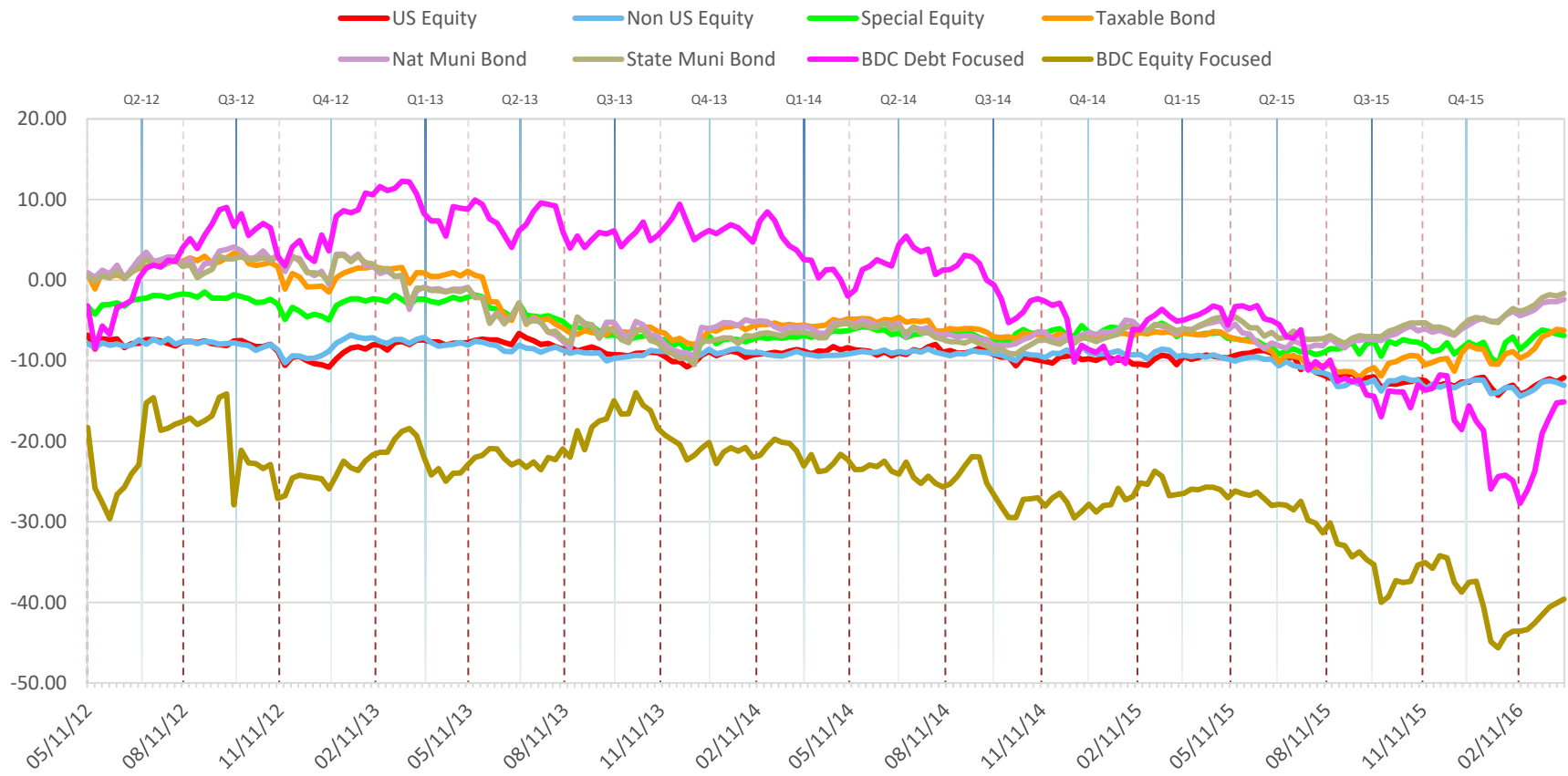


Source: CEFA's Closed-End Fund Universe ([www.cef universe.com](http://www.cef universe.com))



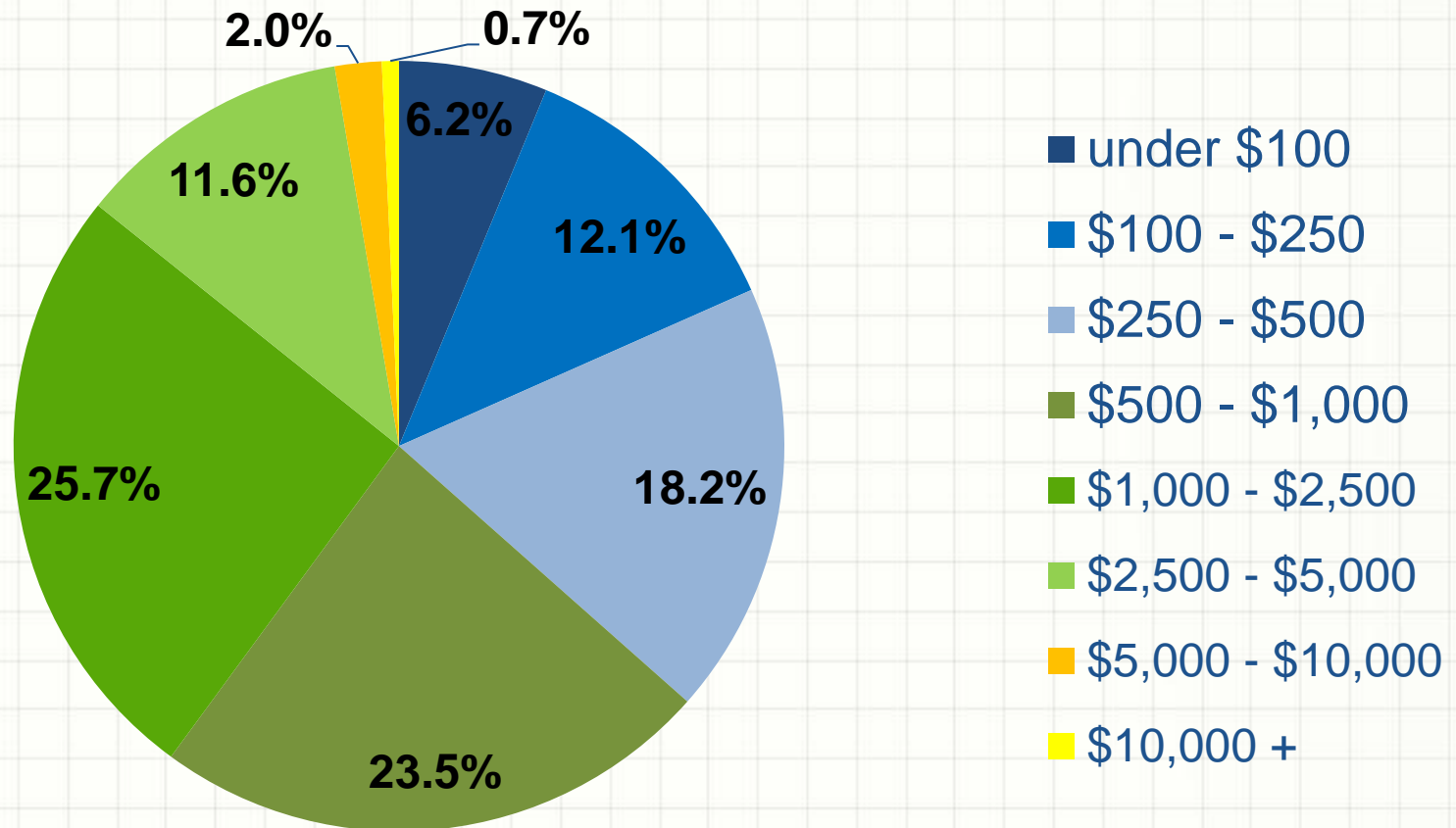
# Closed-End Discount Trends

**Average CEF Discount**  
**May 11, 2012 - March 31, 2016**



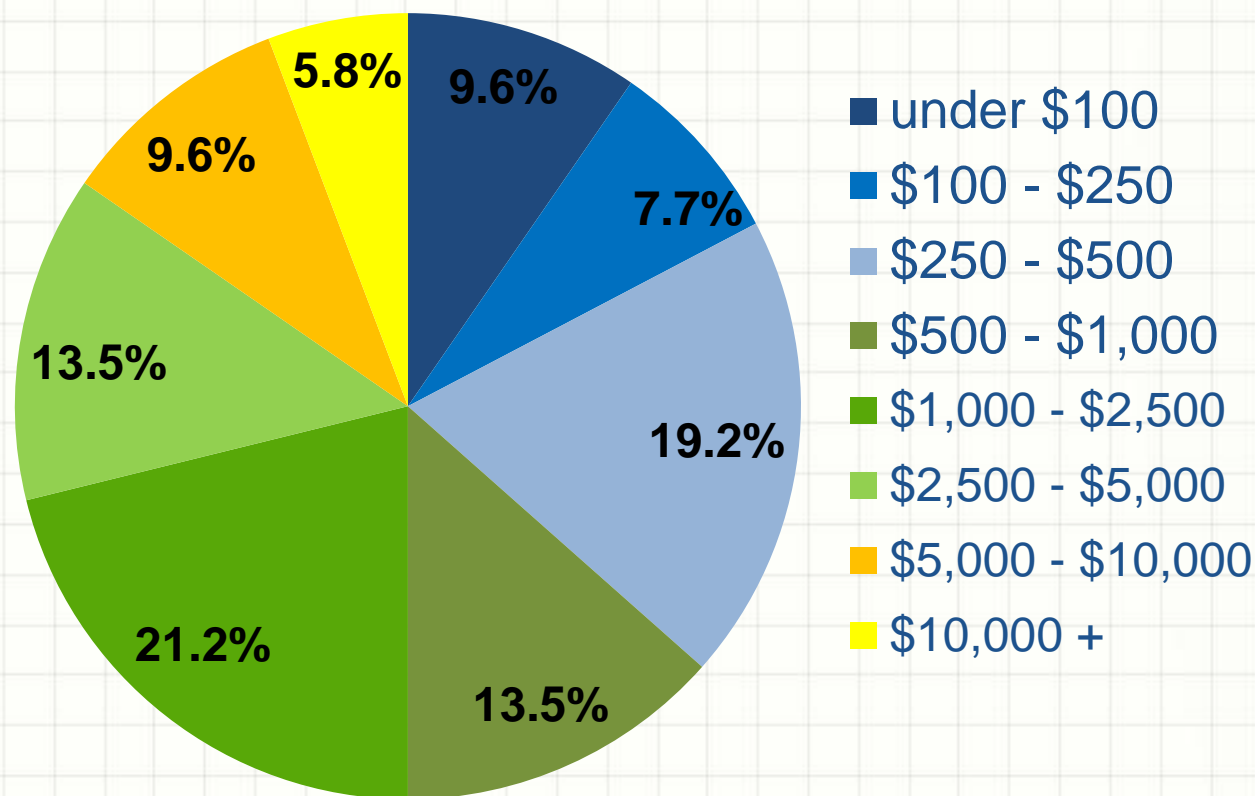
Source: CEFA's Closed-End Fund Universe ([www.cefuniverse.com](http://www.cefuniverse.com))

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






Note: 561 traditional closed-end funds; data as of 3/31/16, Source: CEFA's Closed-End Fund Universe ([www.cefuniverse.com](http://www.cefuniverse.com))

# BDCs : By Average Daily Liquidity (thousands)



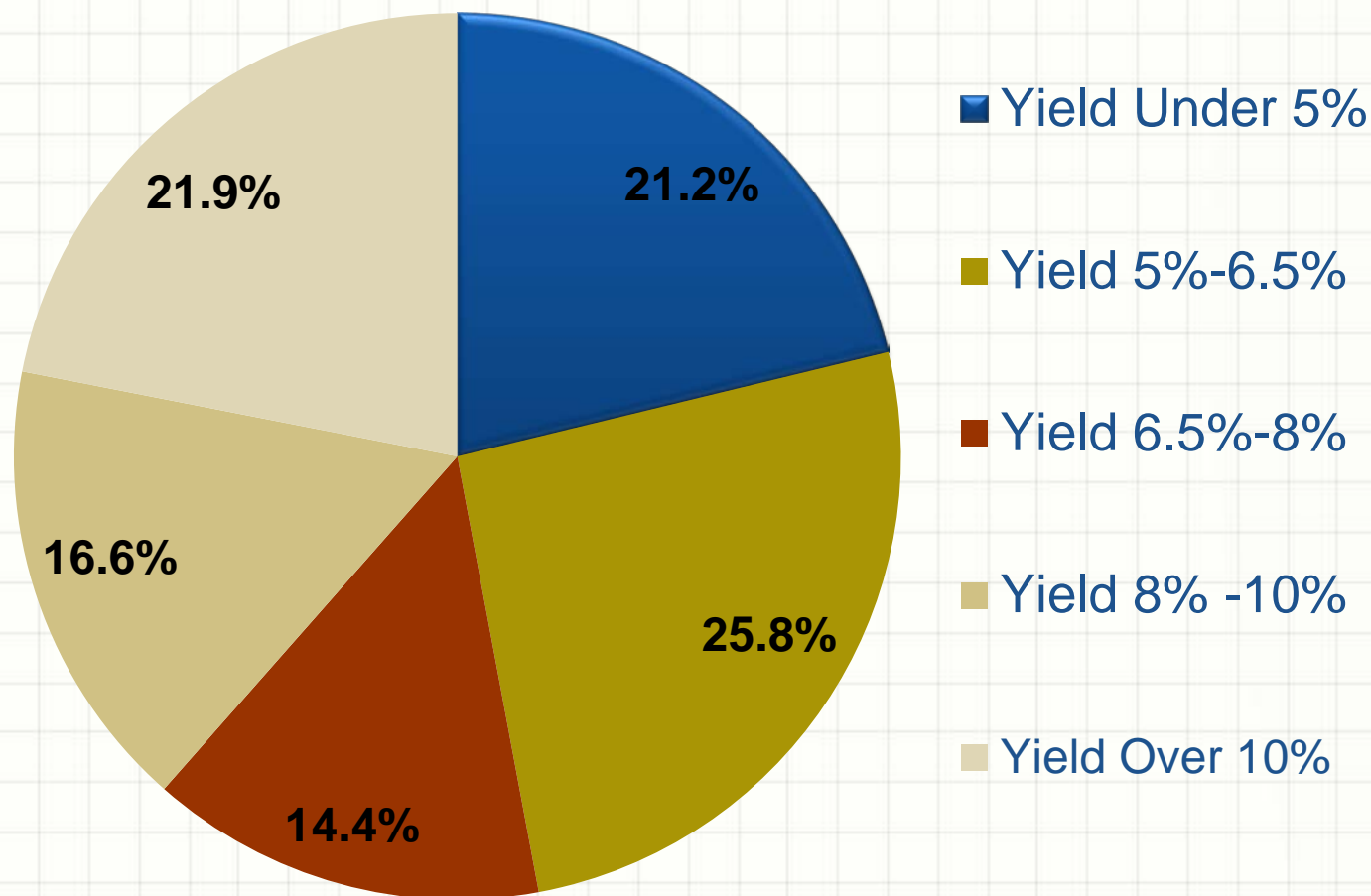
Note: 52 business development company CEF; data as of 3/31/16, Source: CEFA's Closed-End Fund Universe ([www.cefuniverse.com](http://www.cefuniverse.com))

# CEF Volume Trends – 4Q 2015

Fund Grouping	Avg Vol 1Q 2016	Avg Vol 4Q 2015	Volume Trend
US Equity Funds	114,860	104,965	9% 
Non-US Equity Funds	66,478	65,926	1%
Specialty Equity Funds	183,137	187,787	-2%
<i>Ave Traditional Equity CEF</i>	<i>138,037</i>	<i>139,028</i>	<i>-1%</i>
Taxable Bond Funds	144,832	150,875	-4%
National Muni Bond Funds	74,446	62,621	19% 
State Muni Bond Funds	29,093	24,866	17%
<i>Ave Traditional Bond CEF</i>	<i>94,901</i>	<i>92,866</i>	<i>2%</i>
Average Traditional CEF	111,971	111,199	1%
Debt Focused BDC Funds	347,678	321,630	8% 
Equity Focused BDC Funds	320,331	464,393	-31%
<i>Average BDC</i>	<i>342,945</i>	<i>346,339</i>	<i>-1%</i>
Average For ALL CEFs	131,564	131,211	0%

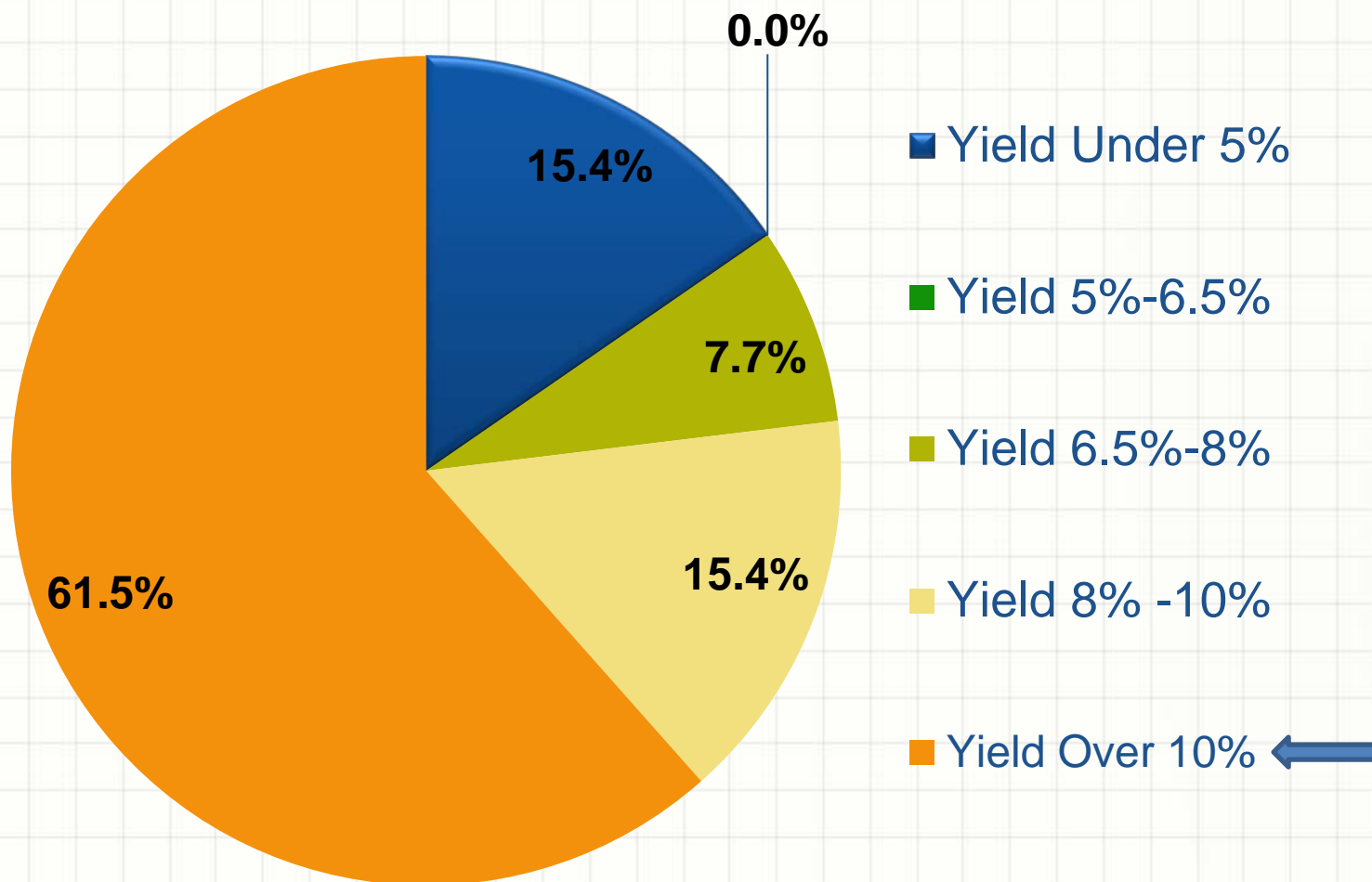


# Traditional Closed-End Funds: By Yield



*Note: 561 traditional closed-end funds; data as of 3/31/2016 , CEFU Report*

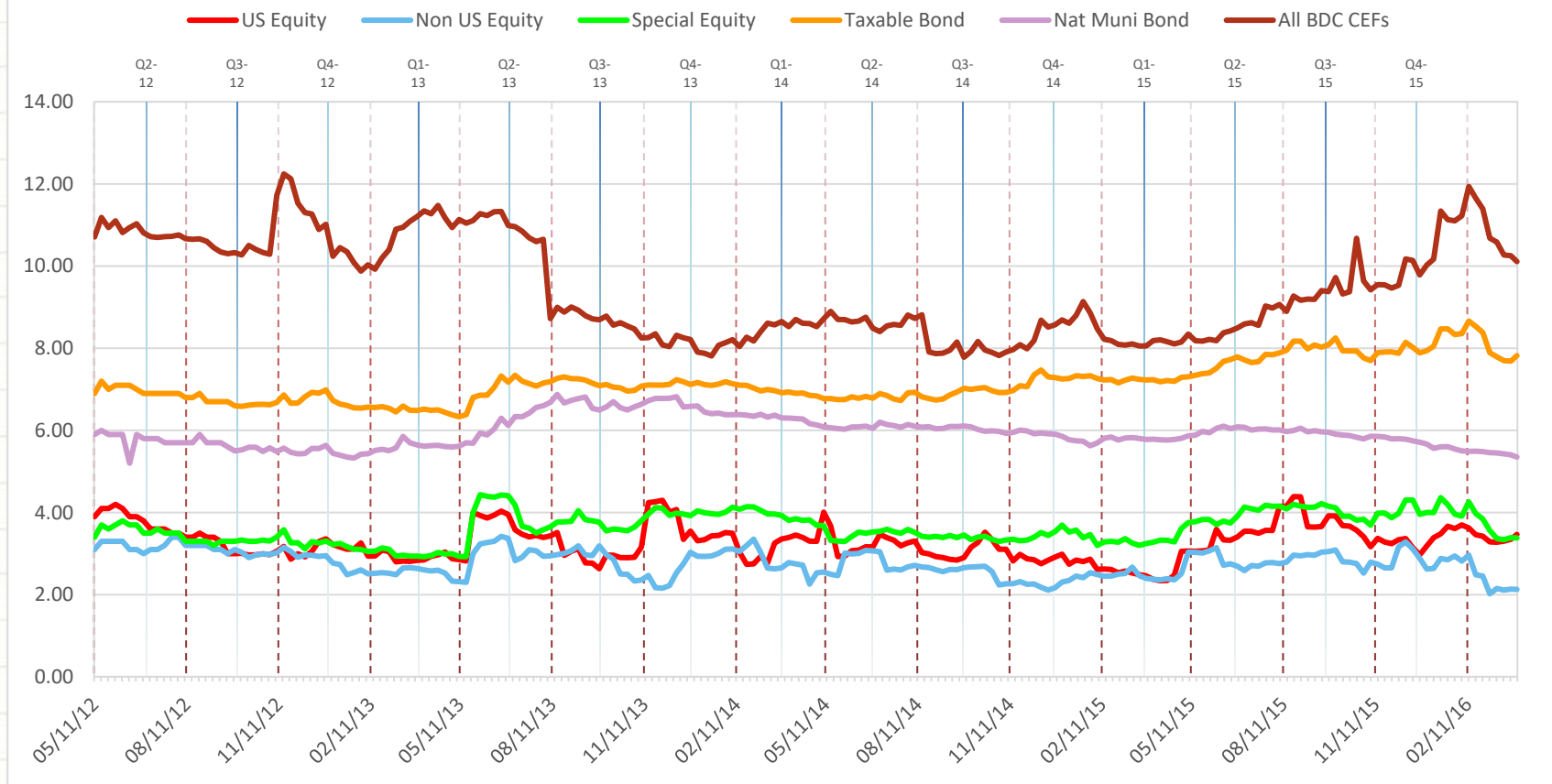
# BDCs: By Yield



*Note: 52 business development company CEFs; data as of 3/31/2016 , CEFU Report*

# Income Only Yield For Closed-End Funds

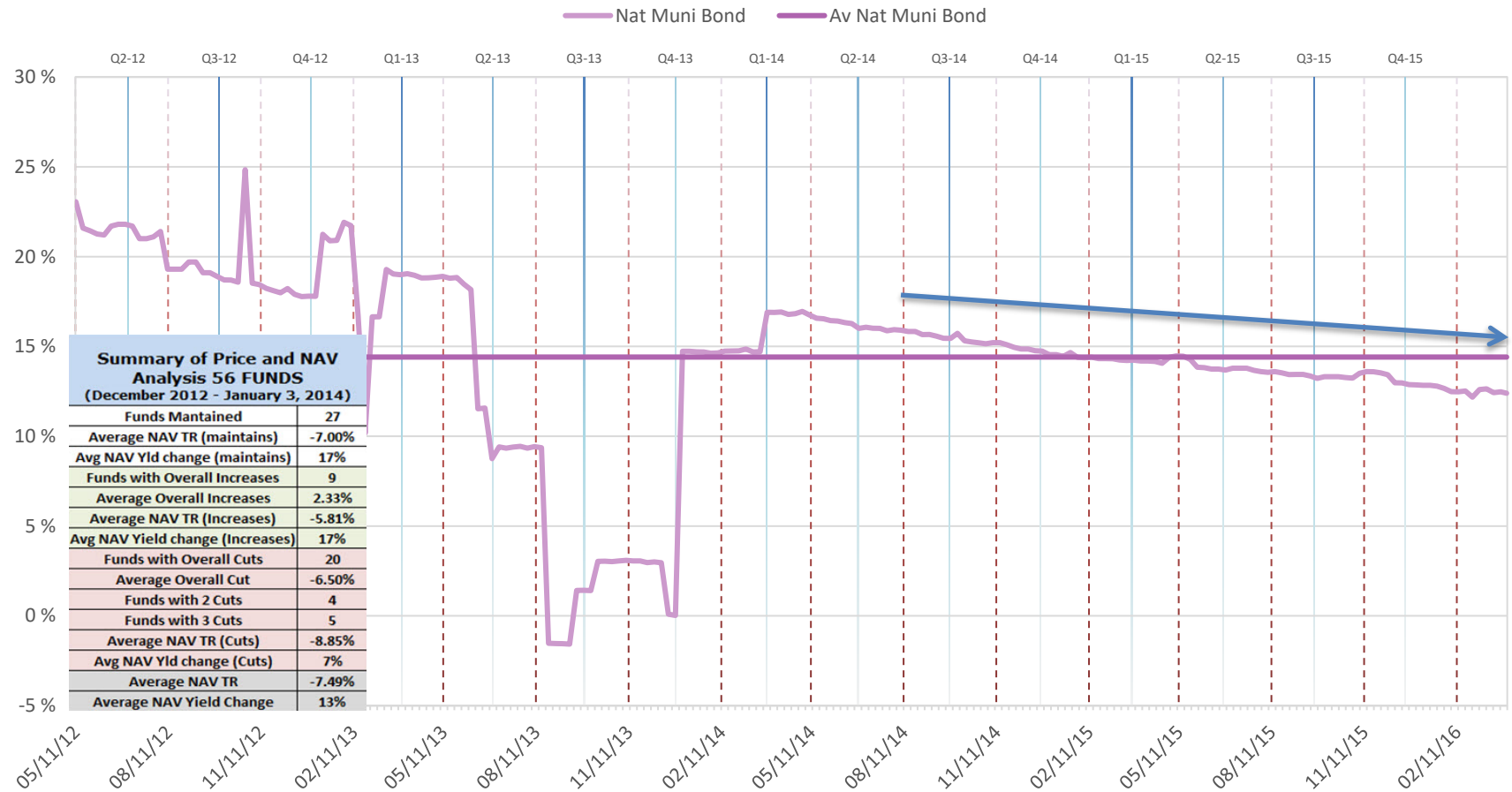
Main Peer Groups - Historical Dividend - Income only Yield  
May 11, 2012 - March 31, 2016



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

# Relative UNII for Traditional CEF Municipal Bond Funds

## Nat Muni Bond - Relative UNII May 11, 2012 - March 31, 2016

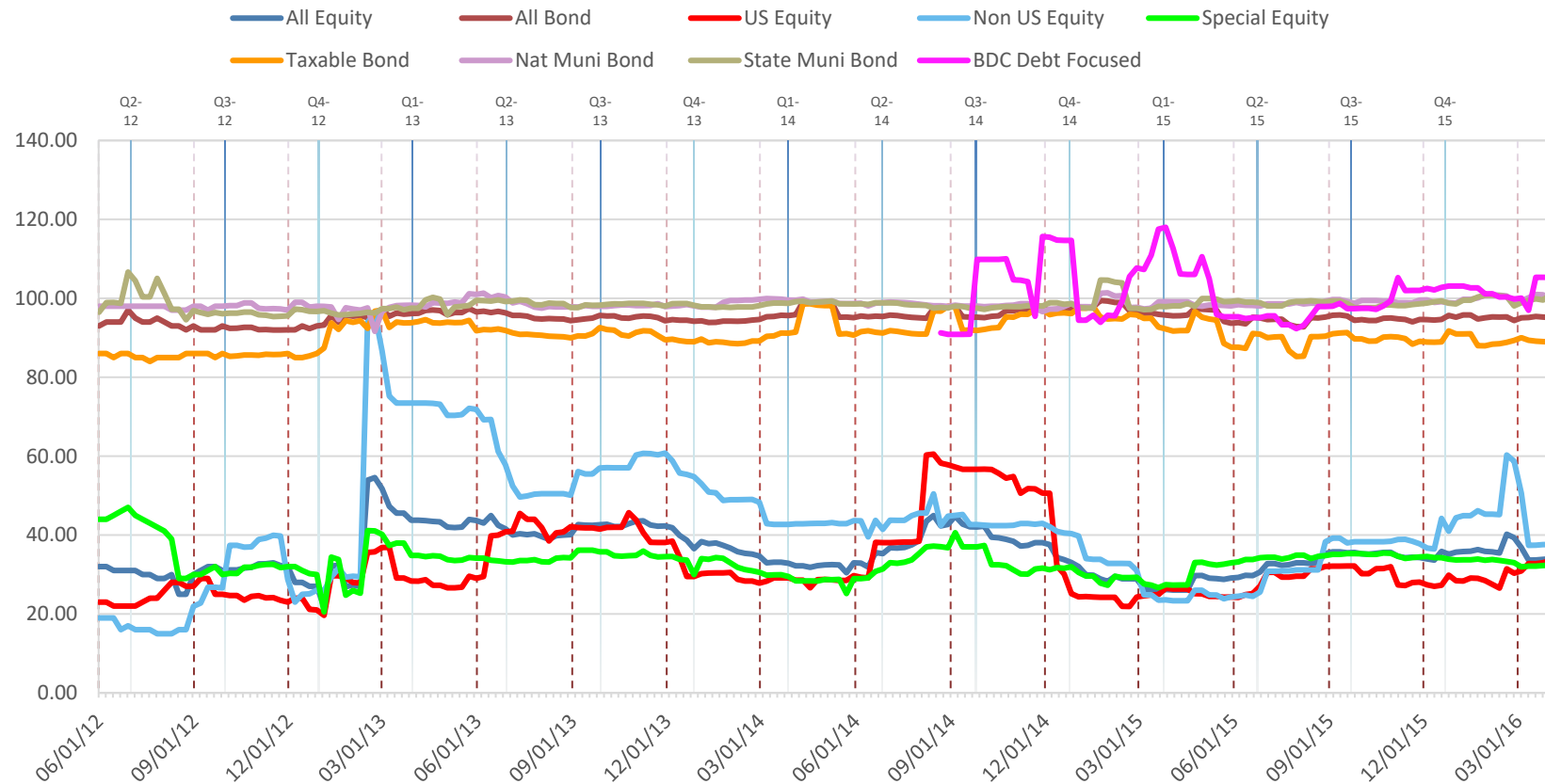


Source: CEFA's Closed-End Fund Universe ([www.cef universe.com](http://www.cef universe.com))

[www.CEFadvisors.com](http://www.CEFadvisors.com)

# Earnings Coverage Ratio For Closed-End Funds

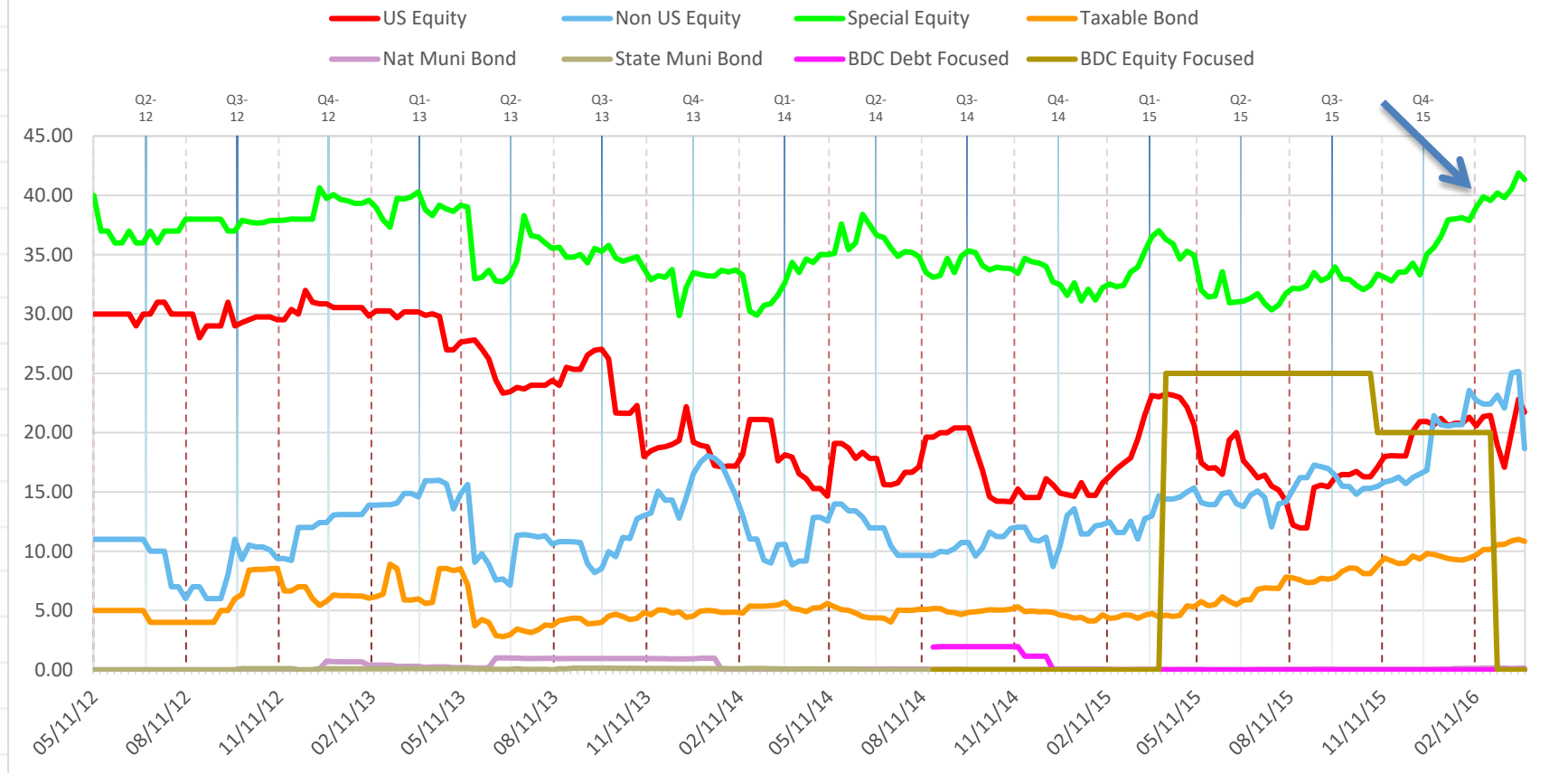
Main Peer Groups - Earnings Coverage Ratio  
June 01, 2012 - March 31, 2016



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

# Return of Capital (90 Day) For CEFs

Main Peer Groups - Historical ROC  
May 11, 2012 - March 31, 2016



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



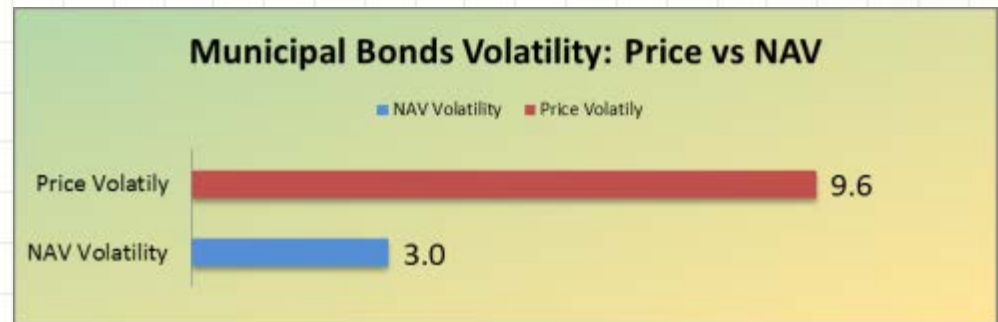
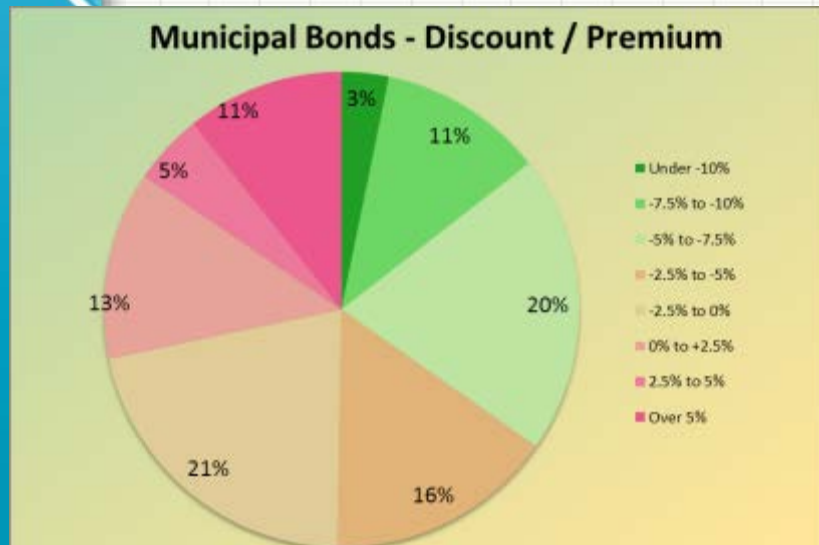
# Destructive Return of Capital (DRoC)

## (Traditional)

Fund Grouping	# Funds with Destructive RoC	% Funds with Destructive RoC	Average Destructive RoC %	1Yr NAV TR vs NAV Yield	3Yr NAV TR vs NAV Yield
US Equity Funds	17	44%	38%	-172%	50%
Non-US Equity Funds	24	38%	46%	-466%	-91%
Specialty Equity Funds	79	66%	52%	-206%	-229%
<i>Equity CEF</i>	120	54%	49%	-271%	-136%
Taxable Bond Funds	55	36%	26%	-151%	-77%
National Muni Bond Funds	1	1%	2%	8%	6%
State Muni Bond Funds	0	0%	N/A	23%	9%
<i>Bond CEF</i>	56	17%	25%	-59%	-29%
Average CEF	176	31%	41%	-138%	-69%

# Municipal Bond Closed-End Fund Universe

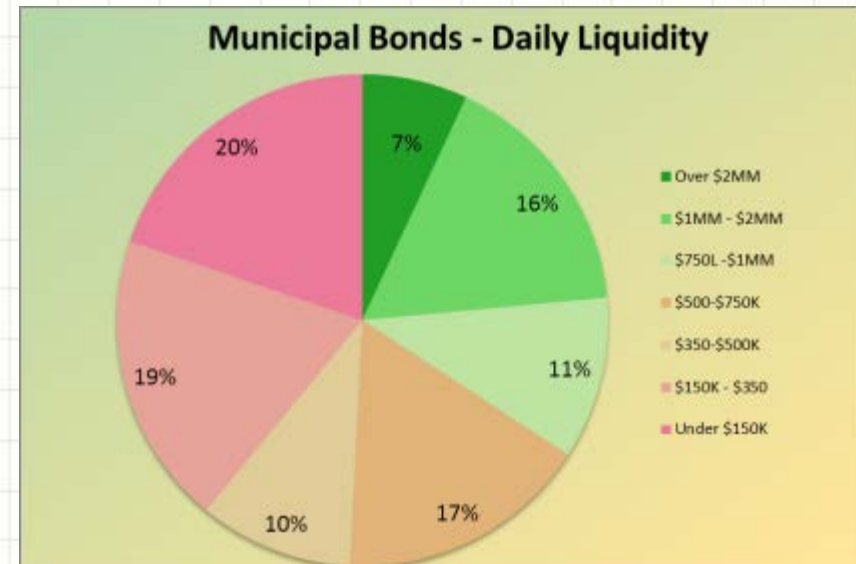
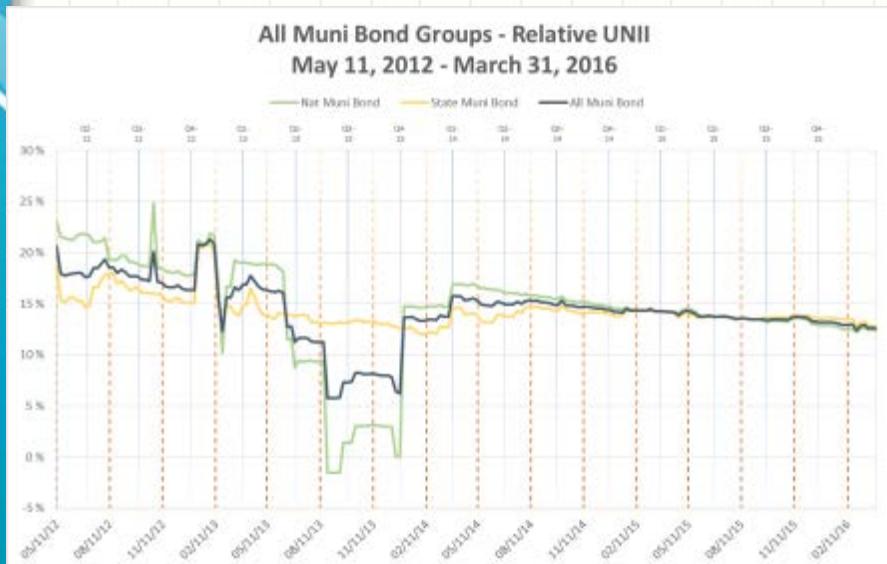
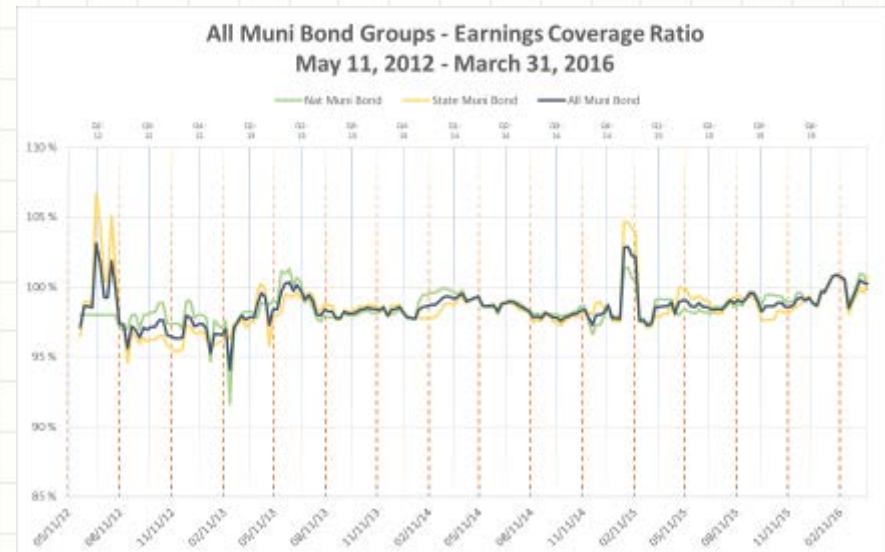
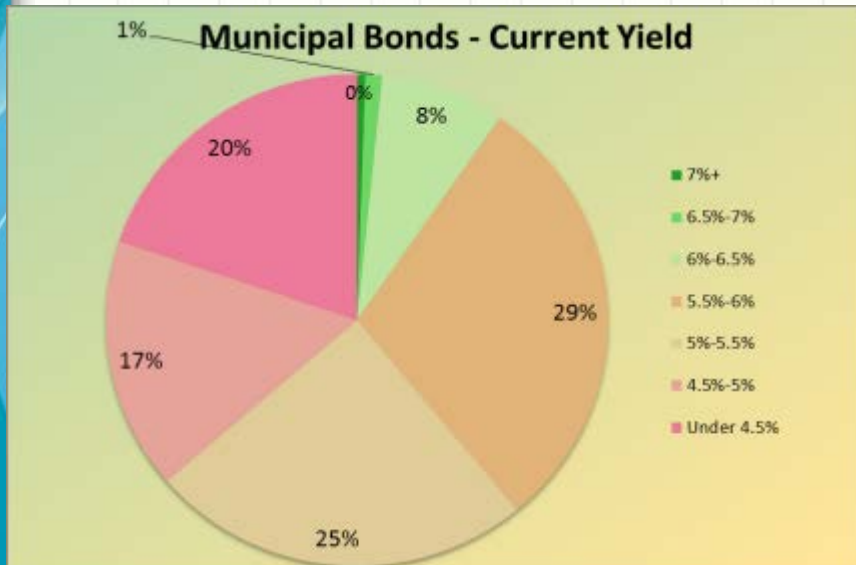
	National Muni Funds	Single State Muni Funds	Total
Number of Funds	104	83	187
Net Assets (Total)	\$48,638	\$19,146	\$67,784
Net Assets	\$468	\$231	\$362
Earnings Coverage Ratio %	99.8	100.7	100.2
Premium / Discount %	-2.28	-1.69	-2.02
Total Mkt Yield %	5.36	4.85	5.13
Leverage Adj NAV Yield %	4.01	3.59	3.82
NAV Volatility	3.07	2.94	3.01
Leverage %	31.1	32.5	31.7
Leverage Cost %	0.41	0.39	0.40
Duration	8.62	8.68	8.64
Insured %	17.1	21.1	18.9
Investment Grade %	87	92	89
Credit Quality	A	A	A



*Note: Volatility is a one year rolling calculation*

*Source: Data as of March 31, 2016 from CEFA's Universe Data*

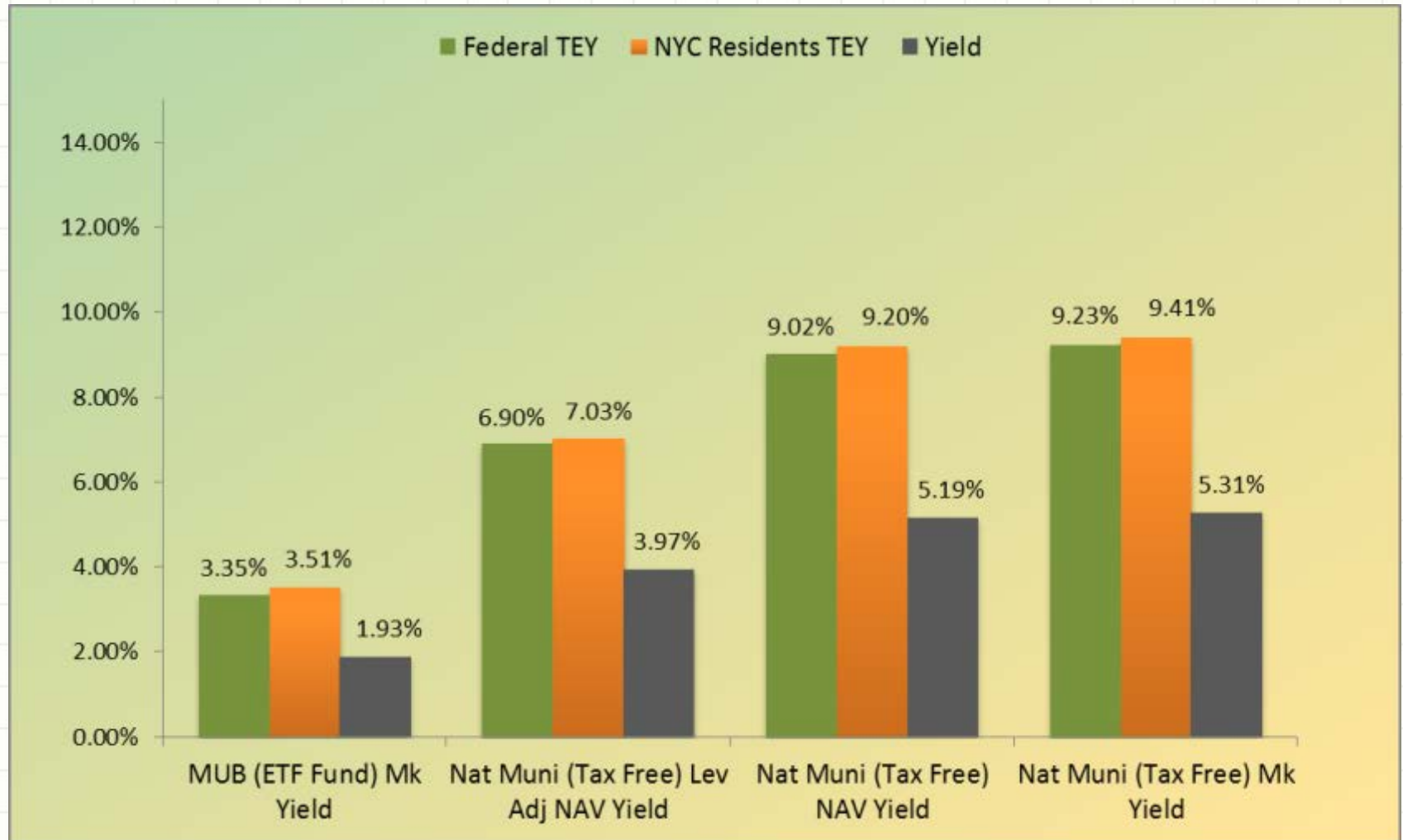
# Municipal Bond Closed-End Fund Universe



Source: Data as of March 31, 2016 from CEFA's Universe Data

# Tax Equivalent Yield Comparison

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



Sources: CEFA's Universe Data as of 3/31/16 and tax rates from IRS and NY State.

# CEF Press Release SEC Filings Summary

## (2153 CEF PRs in 1Q16)

Announcement Type	1Q 2016	2015	2014	Avg per Q since 2014
Rights Issue / Offering	0	6	9	2
Secondary Offering (Trad CEF)	0	2	4	1
➡ Secondary Offering (BDCs)	1	16	16	4
Tender Offer	0	15	16	3
➡ Distribution Policy Change(Trad CEF)	2	11	19	4
Distribution Policy Change (BDCs)	0	1	1	0
13 Filings (Trad CEF)	675	906	-	-
➡ New N-2 Filings	18	52	31	11
➡ Updated N-2 Filings	22	104	52	20
Investment Manager / Advisor Change	0	5	20	3
Portfolio Manager Change	6	45	60	12
➡ Leverage Amount / Type Change	28	52	47	14



# CEF & BDC

## Dividend Increases vs. Decreases

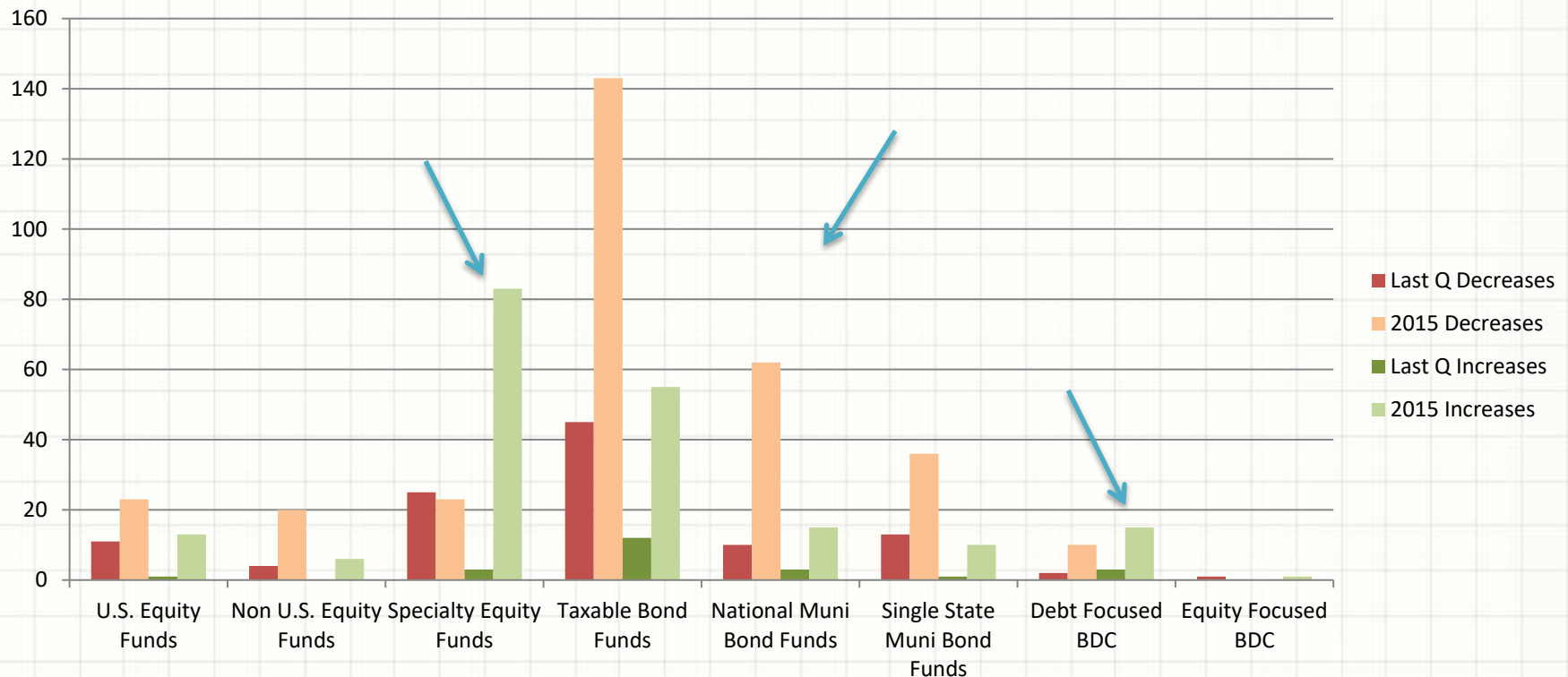
Dividend Announcement	1Q 2016 Number of Announcements	1Q 2016 Average Change	1Q15 – 4Q15 Number of Announcements	1Q15 – 4Q15 Average Change
<b>Dividend Maintains</b>	1243 (90%)	N/A	5022 (91%)	N/A
<b>Dividend Increases</b>	23 (2%)	+3.5%	198 (4%)	+6.8%
<b>Dividend Decreases</b>	111 (8%)	-12.5%	317 (5%)	-7.1%
<b>Under 5% Increase</b>	18 (78%)	+1.9%	136 (69%)	+2.1%
<b>Over 5% Increase</b>	5 (22%)	+9.1%	62 (31%)	+17.2%
<b>Under 5% Decrease</b>	40(36%)	-2.8%	173 (55%)	-2.3%
<b>Over 5% Decrease</b>	71 (64%)	-17.9%	144 (45%)	-12.9%

Source: Fund Press Releases



# 1Q 2016 Closed-End Fund Dividend Increases vs. Decreases

Major CEF Groups: Number of dividend decreases / increases  
Last Quarter & 2015



Source: Fund Press Releases

# 1Q16 , 2015 and 4Q15 Closed-End Fund NAV / Market Price Performance

Fund Grouping	1Q 2016 NAV	1Q 2016 Mkt Pr	2015 NAV	2015 Mkt Pr	4Q 2015 NAV	4Q 2015 Mkt Pr
US Equity Funds	0.6%	1.4%	-4.0%	-5.4%	3.7%	4.9%
Non-US Equity Funds	2.0%	1.7%	-6.6%	-8.6%	2.0%	3.9%
Specialty Equity Funds	0.0%	2.3%	-11.9%	-12.4%	-1.7%	-0.3%
<i>Avg Traditional Equity CEF</i>	<i>0.7%</i>	<i>2.0%</i>	<i>-9.1%</i>	<i>-10.1%</i>	<i>0.3%</i>	<i>1.8%</i>
Taxable Bond Funds	1.6%	4.1%	-3.4%	-4.3%	-1.4%	2.6%
National Muni Bond Funds	2.6%	5.6%	4.6%	6.9%	2.8%	5.6%
State Muni Bond Funds	2.4%	5.6%	4.8%	8.1%	2.8%	5.6%
<i>Avg Traditional Bond CEF</i>	<i>2.1%</i>	<i>4.9%</i>	<i>1.1%</i>	<i>2.3%</i>	<i>1.0%</i>	<i>4.3%</i>
<i>Average Traditional CEF</i>	<i>1.5%</i>	<i>3.8%</i>	<i>-2.9%</i>	<i>-2.6%</i>	<i>0.7%</i>	<i>3.3%</i>
<i>Debt Focused BDC</i>	0.1%	0.6%	7.4%	-2.4%	0.1%	0.6%
<i>Equity Focused BDC</i>	0.0%	0.4%	-2.4%	-16.0%	0.0%	0.4%
<i>Average BDC</i>	<i>0.1%</i>	<i>0.5%</i>	<i>5.9%</i>	<i>-6.2%</i>	<i>0.1%</i>	<i>0.5%</i>

Data as of March 31, 2016

Source: CEFA's Closed-End Fund Universe Report

# Closed-End Fund Corp Actions Update

1Q 2016

Source: SEC Filings, Press Releases

Month Filed	Filing	Closed-End Fund/BDC	Investor/Who	Notes
Mar	N-CSR	AB Incm Fd (ACG)	Vote	Open-Ending Approved
Mar	13D/A	Virtus Tot Rtn Fd (DCA)	Bulldog	Inc(14.6%) Liquidation Proposal
Mar	13D/A	Deutsche Hi Incm Tr (KHI)	Saba	Inc(14.6%) Open-Ending
Mar	13D	FrkTmp Ltd Dur Incm Tr (FTF)	Saba	Inc(14.5%)
Mar	13D/A	Nuv Glbl Eq Inc Fd (JGV)	Bulldog	Inc(10.0%)
Mar	PR	Tekla Health Invstr (HQH)	HQH	Repurchase(12%)
Feb	DEF14 A	Fifth St Fin Corp (FSC)	Rivernorth	Withdrawed Inv Adv Agreement Termination Proposal

# Closed-End Fund Activist Update

1Q 2016

Source: SEC Filings, Press Releases

Month Filed	Filing	Closed-End Fund/BDC	Investor/Who	Notes
Feb	13D	Fifth St Sr Flt Rt Corp (FSFR)	Ironsides	5.8% Inv Adv Agrmnt Termination Proposal
Feb	13D	Korea Eq Fd (KEF)	City of London	42.3% Discount Policy Change
Feb	13D/A	LMP Rel-Est Incm Fd (RIT)	Bulldog	Inc (21.3%) Open-ending
Feb	PR	New Mountain Fin Corp (NMFC)	NMFC	Repurchase (up to \$50MM)
Feb	13D/A	Zweig Fund (ZF)	Karpus	Inc (14.2%) Director Nominees
Jan	13D/A	Nuv Gbl Eq Inc Fd (JGV)	Bulldog	Inc (6.9%) Trustee Nominees
Jan	13D/A	Gbl Hi Incm Fd (GHI)	Bulldog	Inc (9.3%)

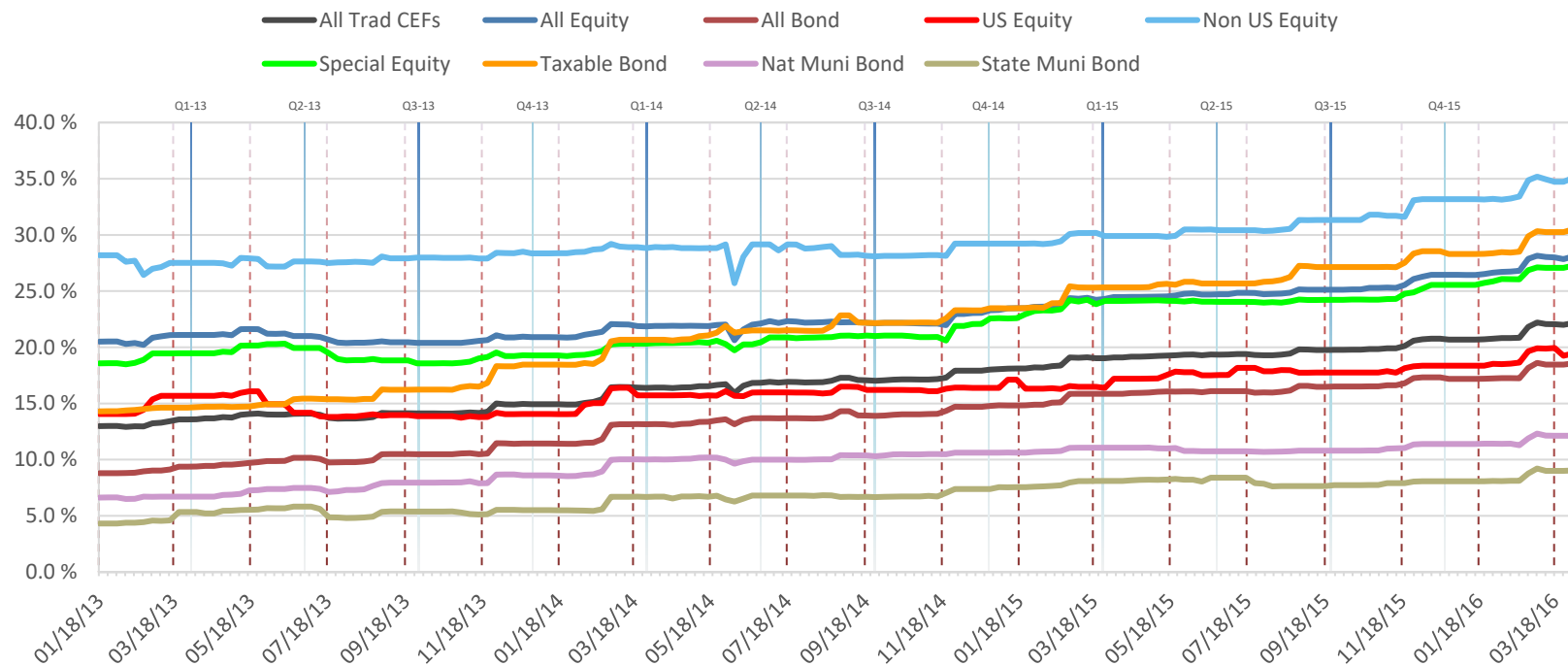
# CEF Institutional Holdings

## (Traditional CEFs 1Q 16)

**Institutional  
Holdings Trends**

**Increase: 364 funds  
Decrease: 71 funds**

**Trad CEFs Groups - % Shares Owned by Institutions**  
**January 18, 2013 - March 31, 2016**



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

[www.CEFadvisors.com](http://www.CEFadvisors.com)

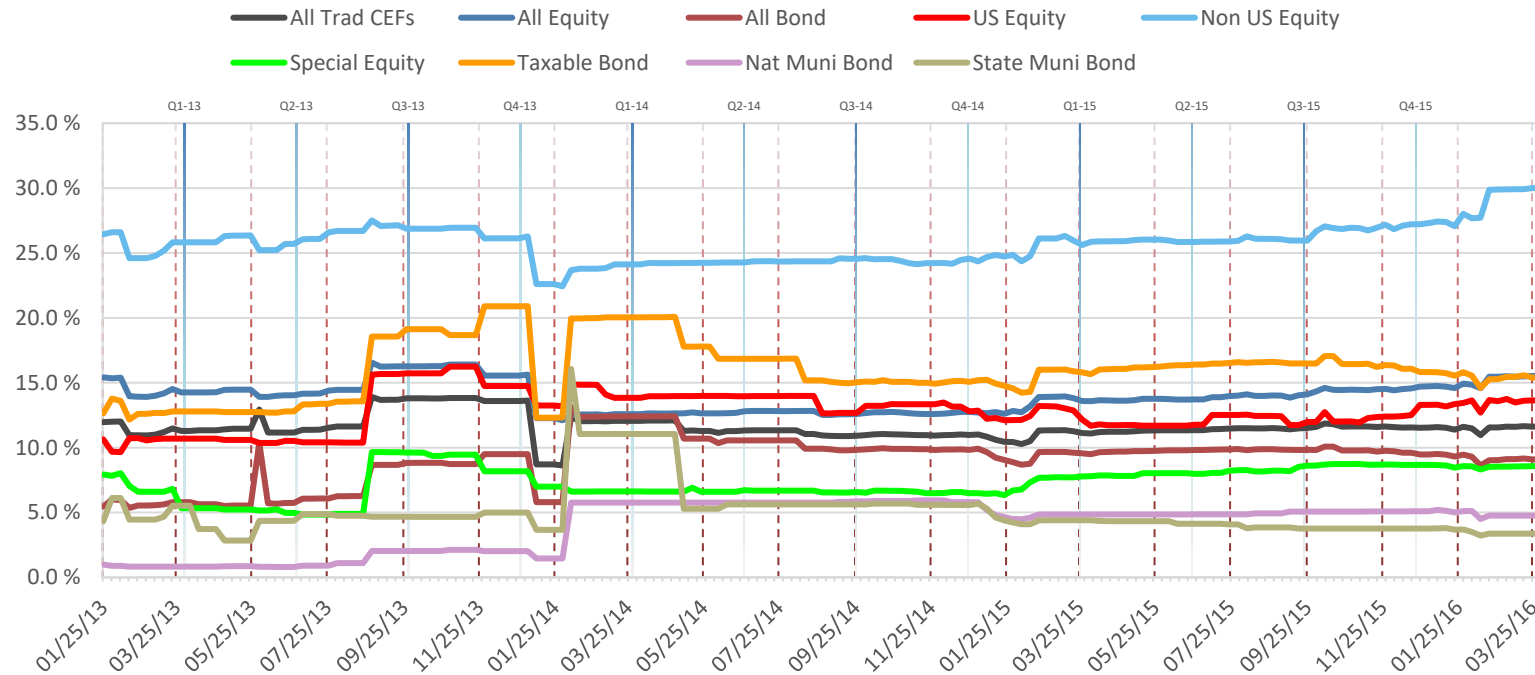
# CEF Activist Holdings

## (Traditional CEFs 1Q 16)

**Activist  
Holdings Trends**

**Increase: 165 funds  
Decrease: 194 funds**

**Trad CEFs Groups - % Shares Owned by Activists**  
**January 25, 2013 - March 31, 2016**



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



# Traditional Closed-End Fund Historical IPOs (1Q 16)

	YTD	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Number of IPOs	1	8	9	25	23	19	17	13	2	40	21
Average Assets In \$ millions	\$81	\$291	\$469	\$580	\$517	\$316	\$451	\$200	\$131	\$690	\$506
Total New CEF IPO Assets in \$ Billions	\$0.01B	\$2.3B	\$4.2B	\$14.5	\$11.9	\$6.0	\$7.7	\$2.6	\$0.3	\$27.6	\$10.6

**10 Year Average:** 18 Funds per year, \$415M Ave Fund, \$10 Billion Per Year

Source: SEC Filings, Press Releases

# BDC Historical IPOs (1Q 16)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Number of IPOs	1	6	4	5	7	5	1	1	5	1
Average Assets In \$ millions	\$120	\$575	\$78	\$96	\$101	\$98	\$87	\$141	\$138	\$203
Total New CEF IPO Assets in \$ Billions	\$0.1	\$3.5	\$0.3	\$0.5	\$0.7	\$0.5	\$0.1	\$0.1	\$0.7	\$0.2

**10 Year Average:** 3.6 Funds per year, \$164M Ave Fund, \$0.7 Billion Per Year

Source: SEC Filings, Press Releases

# 2015 IPO Details

1Q 2016

## **Nuv Muni 2021 Tgt Trm Fd(JHA)** - *National Muni Bond Funds* -

IPOed on January 27, 2016

IPO Price: \$10.00

IPO Assets: \$81M

Price as of 3/31/16: \$10.00

Disc/Prm as of 3/31/16 : 1.42%



# IPOs during 2Q 2015 – 4Q 2015

## Current Discount / Premium

IPO Date	Ticker	Fund Name	Type	Current Disc/Prm	Current Price	IPO Price	Curr vs IPO
2Q 2015	ACV	AG Divr Incm & Convt Fd	Traditional	-10.61%	\$17.78	\$25.00	71.12%
	EGIF	Eagle Gwth & Incm Opp Fd	Traditional	-12.25%	\$16.33	\$20.00	81.65%
	THW	Tekla Wld Health Fd	Traditional	-9.83%	\$14.03	\$20.00	70.15%
3Q 2015	JHY	Nuv Hi Incm 2020 Tgt Trm Fd	Traditional	14.08%	\$10.13	\$10.00	101.30%
	FDEU	FT Dyn Euro Eq Incm Fd	Traditional	-8.35%	\$16.68	\$20.00	83.40%
4Q 2015	JHA	Nuv Hi Incm Dec 2018 Tgt Trm Fd	Traditional	2.97%	\$10.04	\$10.00	100.40%
	RIV	RiverNorth Opp Fd	Traditional	-8.40%	\$18.20	\$20.00	91.00%

Data as of March 31, 2016

Source: CEFA's Closed-End Fund Universe Report

# Traditional Closed-End Fund NAV – Market Price Correlation

Fund Grouping	Correlation 1Q 16	Correlation 4Q 15	Correlation Trend
US Equity Funds	89.8%	82.6%	7.2%
Non-US Equity Funds	95.6%	88.8%	6.8%
Specialty Equity Funds	87.3%	84.6%	2.7%
<i>Ave Equity CEF</i>	<i>90.1%</i>	<i>85.4%</i>	<i>4.7%</i>
Taxable Bond Funds	76.0%	69.3%	6.7%
National Muni Bond Funds	1.5%	58.8%	-57.3%
State Muni Bond Funds	-5.9%	43.2%	-49.1%
<i>Ave Bond CEF</i>	<i>33.2%</i>	<i>59.7%</i>	<i>-26.5%</i>
<b>Average CEF</b>	<b>55.8%</b>	<b>69.9%</b>	<b>-14.1%</b>

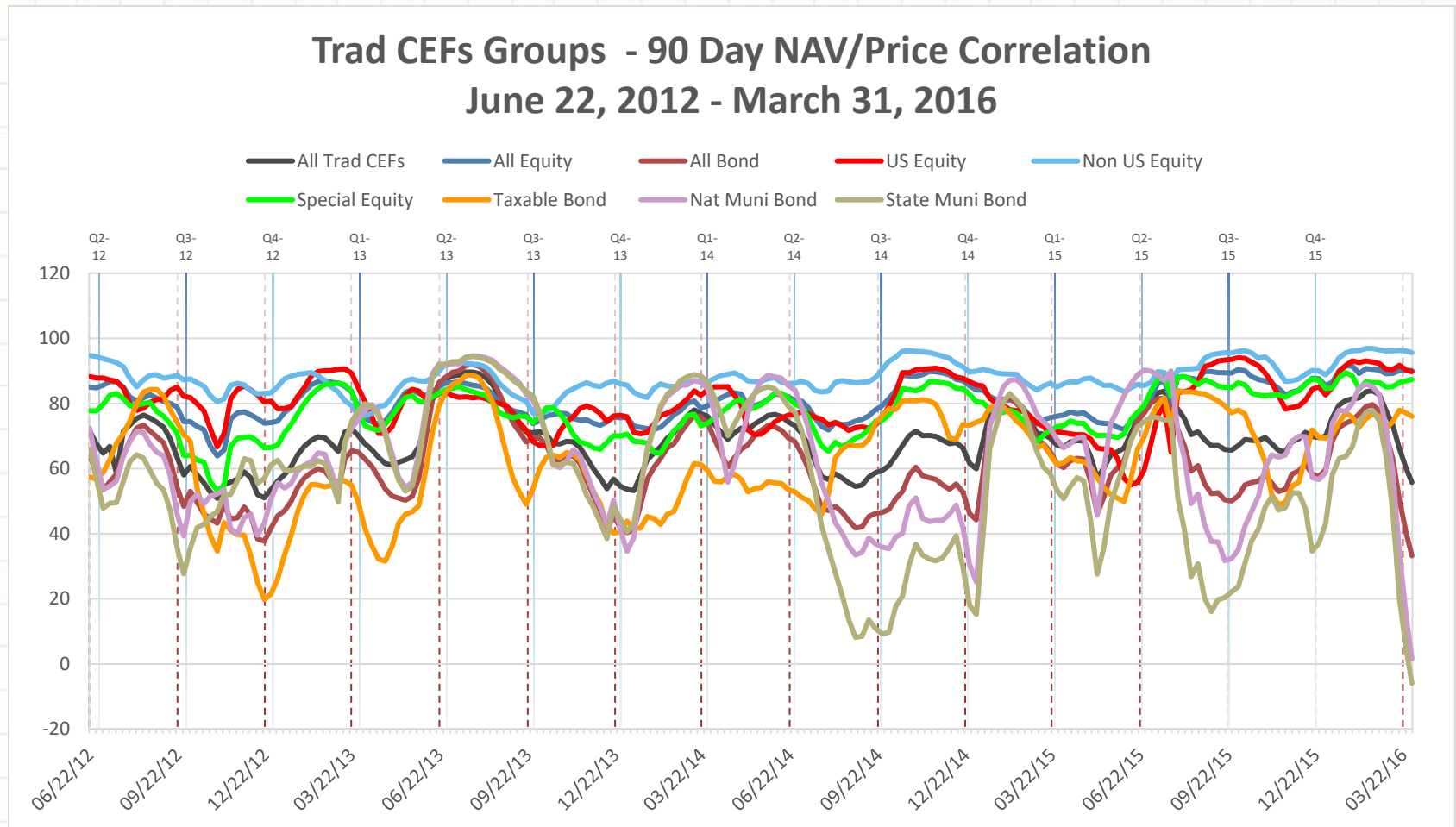
Data as of March 31, 2016

Source: CEFA's Closed-End Fund Universe Report



# Traditional Closed-End Fund

## 90 Day NAV – Market Price Correlation

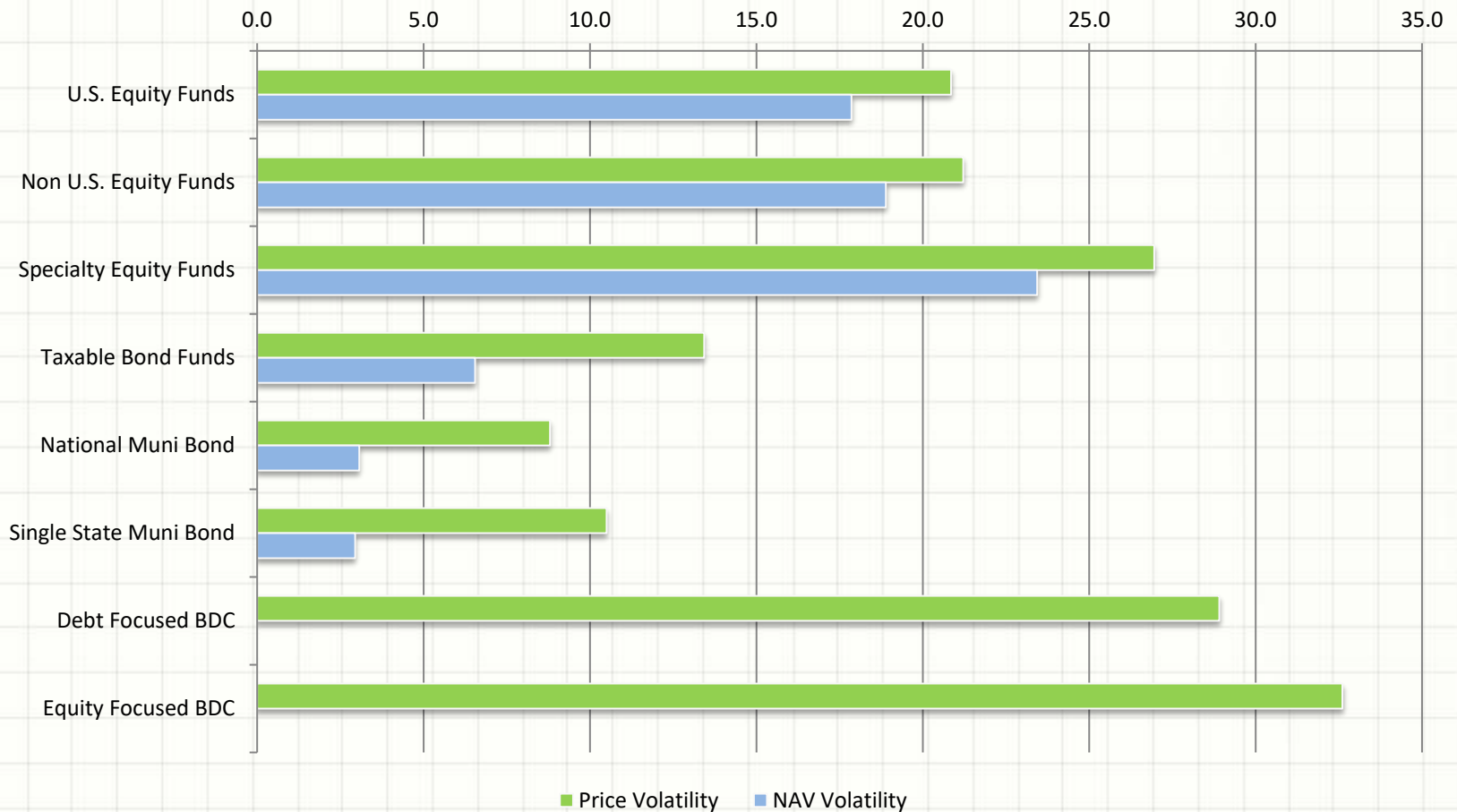


Source: March 31, 2016 - CEFA's Closed-End Fund Universe Report



# Closed-End Fund

## Market Price volatility vs. NAV volatility (1 Year)



Source: March 31, 2016 - CEFA's Closed-End Fund Universe Report

# CEFA's Outlook for 2Q and 2016

- **US Equity Funds**
- **Non-US Equity Funds**
- **Specialty Equity (Sector) Funds**
- **Taxable Bond Funds**
- **National Municipal Bond (Tax-Free) Funds**
- **State Specific Municipal Bond (Tax-Free) Funds**
- **Debt-Focused Business Development Companies (BDCs)**
- **Equity-Focused Business Development Companies (BDCs)**
- **Sustainable CEF Portfolio Distribution Yields**



# 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](http://www.CEF-Blog.com)

# New Data for CEF Universe/CEFDData.com

## During 1Q 2016

- Launched CEFDATA.COM – Data Updates Daily and Live with Analysis Updates
  - Free Public CEF/BDC Profiles
  - Watchlists, Models, Portfolio
    - Show how portfolio/model changes with swaps or allocation changes
    - View and Summary Reports
  - Fund Sponsor Modules
    - Compare a Fund to Dynamic Peer Groups and Selected Peers
  - Expecting to add 1-2 modules per month: List on [www.CEFdata.com](http://www.CEFdata.com)

30 Day Free Trial and 50% off while in development with one guaranteed renewal at 50% off through June 30<sup>th</sup>, 2016

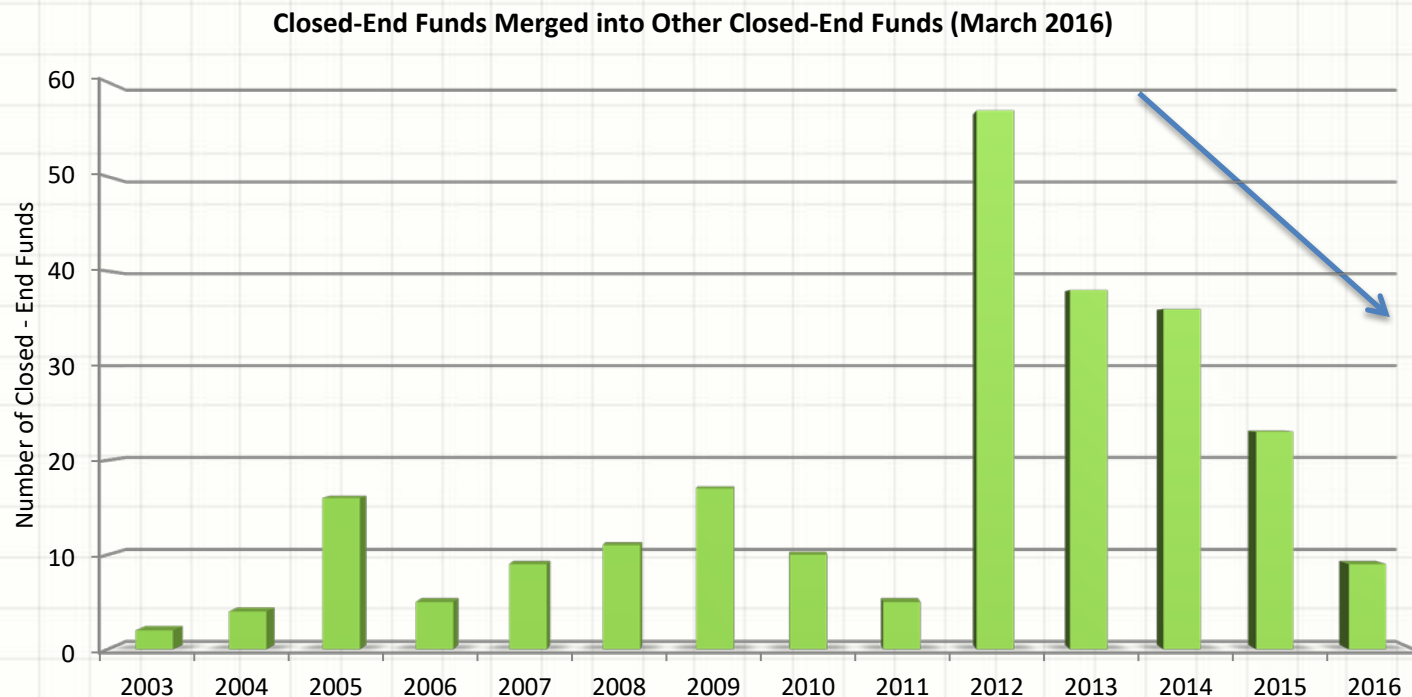
Pricing per Quarter is \$1K (Individual) \$2K (Small RIA/FA) \$3K Large RIA/Hedge Fund, \$4K Fund Sponsor/Product Sponsor. 20% discount for annual payments. We always offer prorated refunds and include 30 minutes per quarter free consulting time with John Cole Scott for paid subscribers.

# CEF Heat Map (Not a CEF Advisors website)

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



# Closed-End Fund Mergers (Traditional)



## Reasons to Merge:

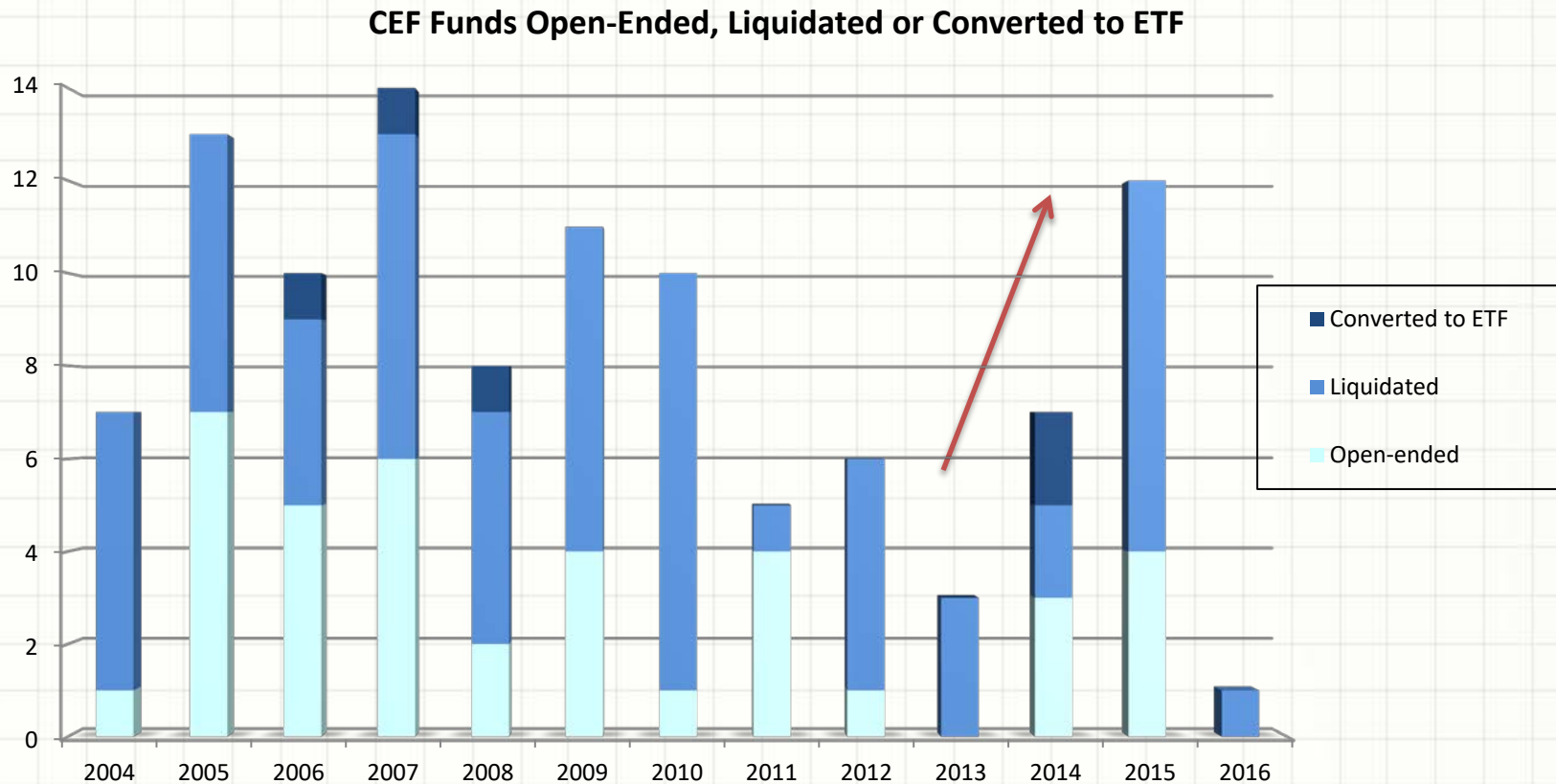
1. Reduce expense ratio
2. Increase liquidity
3. Reduce bid/ask spread
4. Improve cost of future leverage

*Source: Fund Press Releases*

Avg. – 21.1 per year



# Closed-End Fund Deaths (Traditional)



**Causes:** Open-ending, liquidation & conversion

Source: Fund Press Releases

# CEF Advisors Links

- **CEFA Website:** [www.CEFadvisors.com](http://www.CEFadvisors.com)
- **CEFA's Blog:** [www.CEF-Blog.com](http://www.CEF-Blog.com) / **BDC Research Site:** [www.BDCUniverse.net](http://www.BDCUniverse.net)  
[www.CEFdata.com](http://www.CEFdata.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>
- **Vimeo Channel:** <https://vimeo.com/johncolescott/videos>
- **Weekly CEF Data (14 Day Trial), Daily News Alerts (10 Day Trial),**  
[www.CEFUniverse.com](http://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

## CEF Resources

**CEFAalyzer LLC:** <http://CEFalyzer.com>

**The Closed-End Fund Association:** [www.Closed-EndFunds.com](http://www.Closed-EndFunds.com)

**CEF Connect (Nuveen Sponsored):** [www.CEFconnect.com](http://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](http://www.ici.org/research#fact_books)

**CEFNetwork (Pristine Advisers):** [www.CEFnetwork.com](http://www.CEFnetwork.com)

**CEF Insight (Activist Info from AST Fund Solutions):** [www.CEFinsight.com](http://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 (14375 Members):** [www.CEF-Network.com](http://www.CEF-Network.com)

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



**More Useful Links at:** [www.cefadvisors.com/investRes.html](http://www.cefadvisors.com/investRes.html)

# Current CEF Advisors Portfolio Models

- **Diversified Growth** (1/1999)
  - 80% Equity / 10% Bond / 10% BDC: Tactical and wide mandate w/ 4%-7%+ 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)
  - 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
- **Diversified Tax-Sensitive Income**
  - 25%-50% exposure to Municipal Bond CEFs and 20%-40% exposure to low correlation and tax sensitive sectors: MLP and Covered Call Funds. Seeking 7%-7.5% after tax income.
- **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](http://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 12/31/2015.





# CEFA Portfolio Model Summary Performance

## CEFA Composite Performance (Net)\* As of December 31, 2015

Investment Portfolio Model	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
Conservative Diversified	0.29%	-9.28%	-9.28%	0.64%	2.22%	N/A	4.65%	5/1/2009
Foundation/Balanced	-0.92%	-3.15%	-3.15%	-1.74%	0.90%	N/A	1.77%	9/1/2009
Global Growth & Income	-0.22%	-11.18%	-11.18%	1.15%	1.86%	2.12%	3.51%	1/31/1999
Globally Diversified Growth	6.30%	-1.85%	-1.85%	5.51%	3.88%	4.43%	5.56%	1/31/1999
Hybrid Income	0.94%	-7.10%	-7.10%	3.95%	6.58%	N/A	4.13%	12/1/2006
International Equity	0.31%	-10.39%	-10.39%	0.96%	0.11%	3.31%	8.29%	11/1/2002
Business Development Companies	-2.01%	-3.42%	-3.42%	N/A	N/A	N/A	-3.42%	1/1/2015
Managed Municipal Bond CEFs	5.47%	8.43%	8.43%	N/A	N/A	N/A	9.73%	8/1/2014
Special Opportunities	0.17%	2.05%	2.05%	N/A	N/A	N/A	5.48%	6/1/2013

Benchmarks	QTD	YTD	1 Year	3 Year	5 Year	10 Year	Since Inception	Inception Date
S&P 500 Total Return	7.04%	1.38%	1.38%	15.14%	12.57%	7.31%	4.99%	1/31/1999
Barclays Capital Global Aggregate Bond	-0.92%	-3.15%	-3.15%	-1.74%	0.90%	3.74%	4.05%	1/31/1999
MSCI World (Ex-US)	3.91%	-3.04%	-3.04%	3.94%	2.79%	2.92%	3.78%	11/1/2002
Barclays Municipal Bond	1.50%	3.30%	3.30%	N/A	N/A	N/A	4.26%	8/1/2014
Thomson Taxable Fixed Inc CEF TR	0.80%	-2.17%	-2.17%	-0.26%	3.54%	N/A	4.21%	12/1/2006
Thomson All Equity CEF TR	2.63%	-8.08%	-8.08%	1.56%	2.93%	N/A	2.65%	12/1/2006
60/40 S&P 500/Barclays Bond	3.86%	-0.43%	-0.43%	8.39%	7.90%	5.88%	4.61%	1/31/1999

## Growth of \$1,000,000 Invested CEFA's Globally Diversified Growth model on January 31, 1999\*

Globally Diversified Growth	\$2,498,364
S&P 500 Total Return	\$2,279,609
Barclays Capital Global Agg Bond Total Return	\$1,957,767
60/40 S&P 500/Barclays Bond	\$2,143,930

*Disclosure: See full portfolio disclosures at the end of this presentation*

# 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

*Chief Investment Officer of Closed-End Fund Advisors*

John has worked at the firm since 2001. He is a graduate of The College of William & Mary, has been quoted widely in the financial press and presented at conferences and for investment groups on more than 45 occasions. He manages 11 portfolio models for CEF advisors' clients. In 2008 John founded *CEFA's Closed-End Fund Universe*, a comprehensive weekly data service covering all US listed CEFs and Business Development Companies (BDC). He manages BDCUniverse.net powered by CEFData.com and containing the only free public BDC Fund profiles and peer group data to our knowledge. He founded and manages The CEF Network group on LinkedIn and is editor of CEFAdvisors' blog. The firm has portfolio models on Covestor.com and a BDC UIT with their partner, SmartTrust, John serves on the Investment Committee for The NY State Society of The Cincinnati and on the Advisory Board of Oxford Lane Income Partners, and Chicago based hedge fund where CEF Advisors is a research and data partner.



\*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.

## **Closed-End Fund Advisors, Inc.**

**7204 Glen Forest Drive, Suite #105**

**Richmond, Virginia 23226 U.S.A**

**(800) 356-3508 / (804) 288-2482**

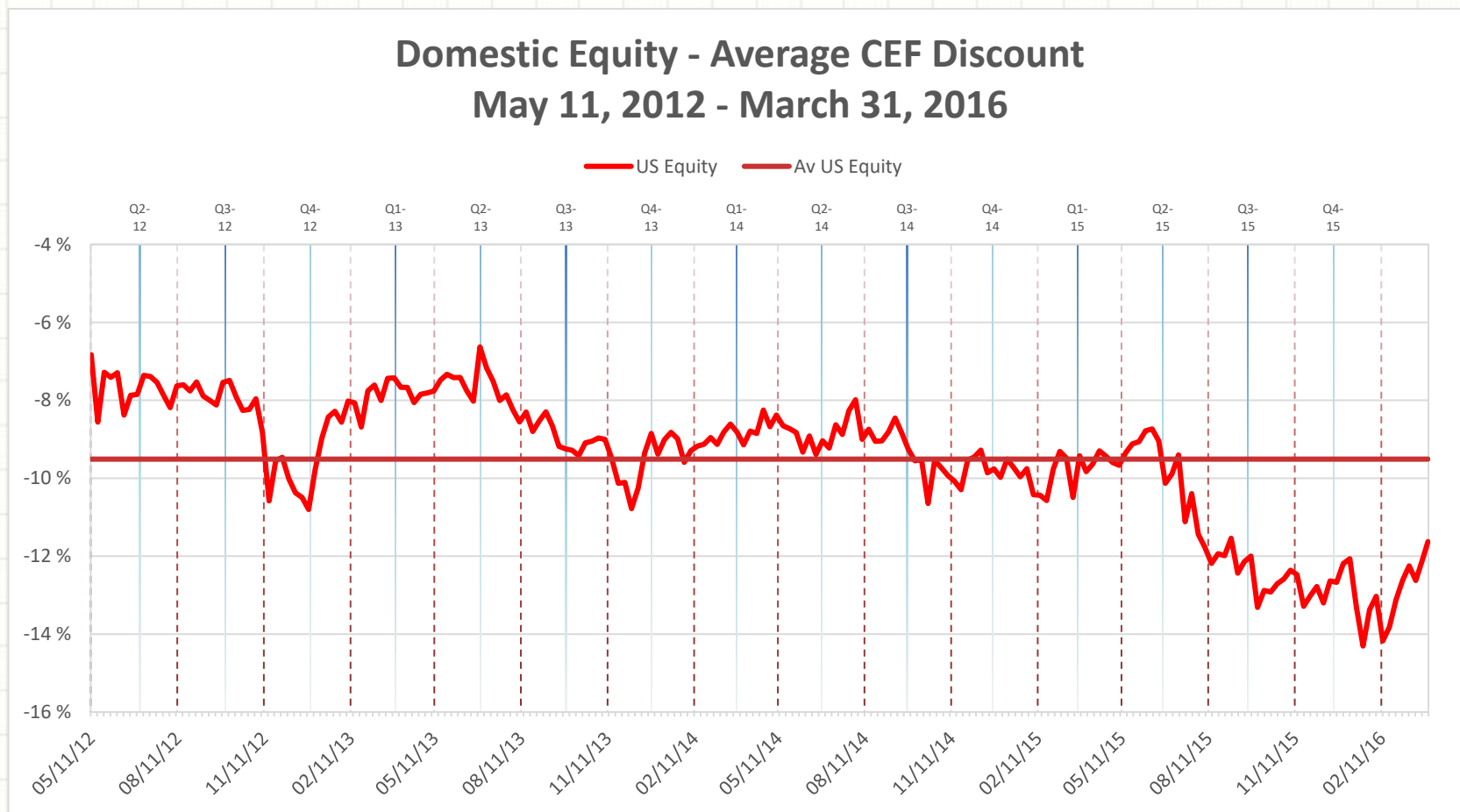
**[www.CEFadvisors.com](http://www.CEFadvisors.com)**

**[www.CEF-Blog.com](http://www.CEF-Blog.com)**



# Domestic General Equity Funds

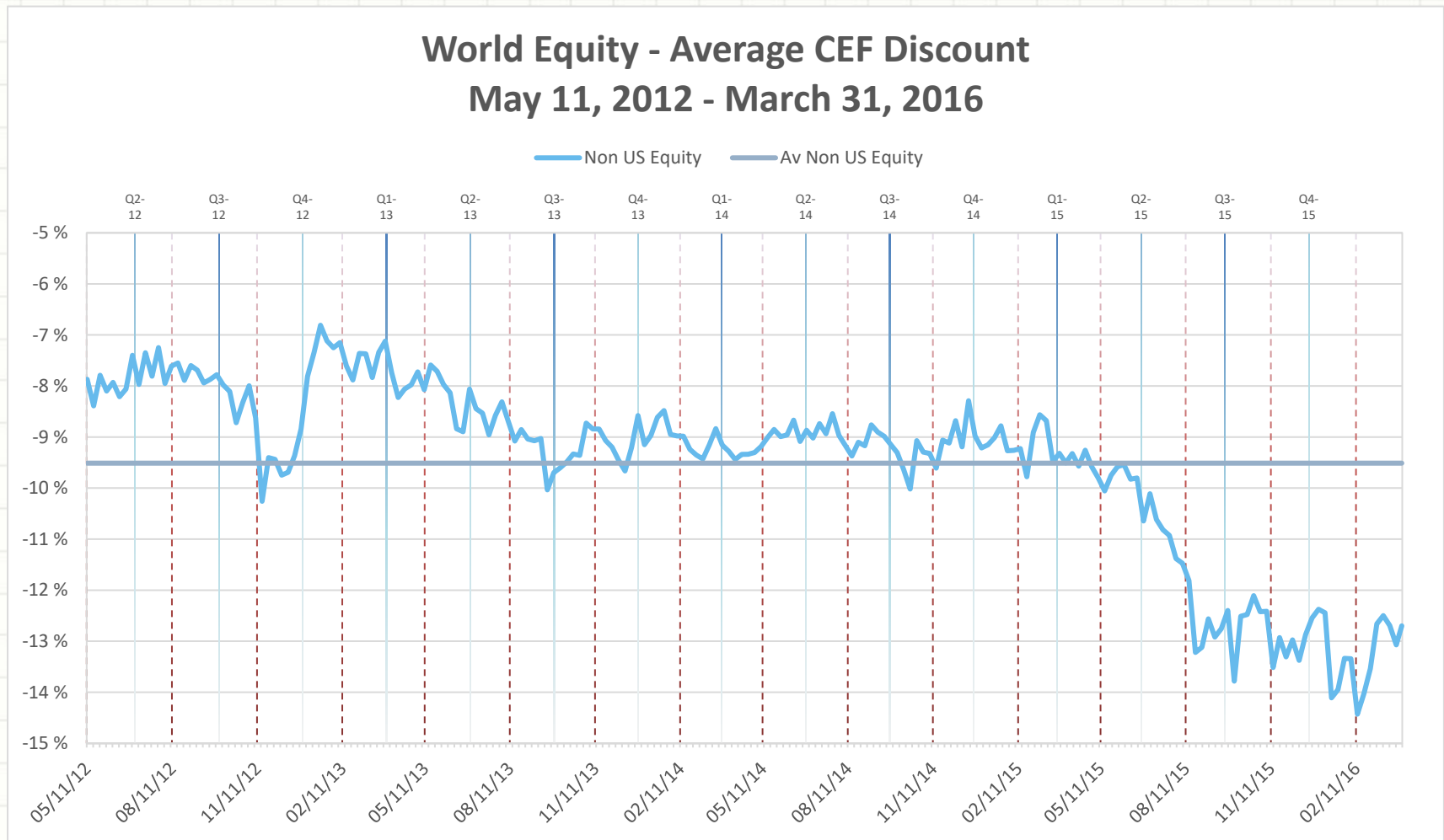
## Average Premium / Discount



Source: March 31, 2016 - CEFA's Closed-End Fund Universe Report

# World Equity Funds

## Average Premium / Discount

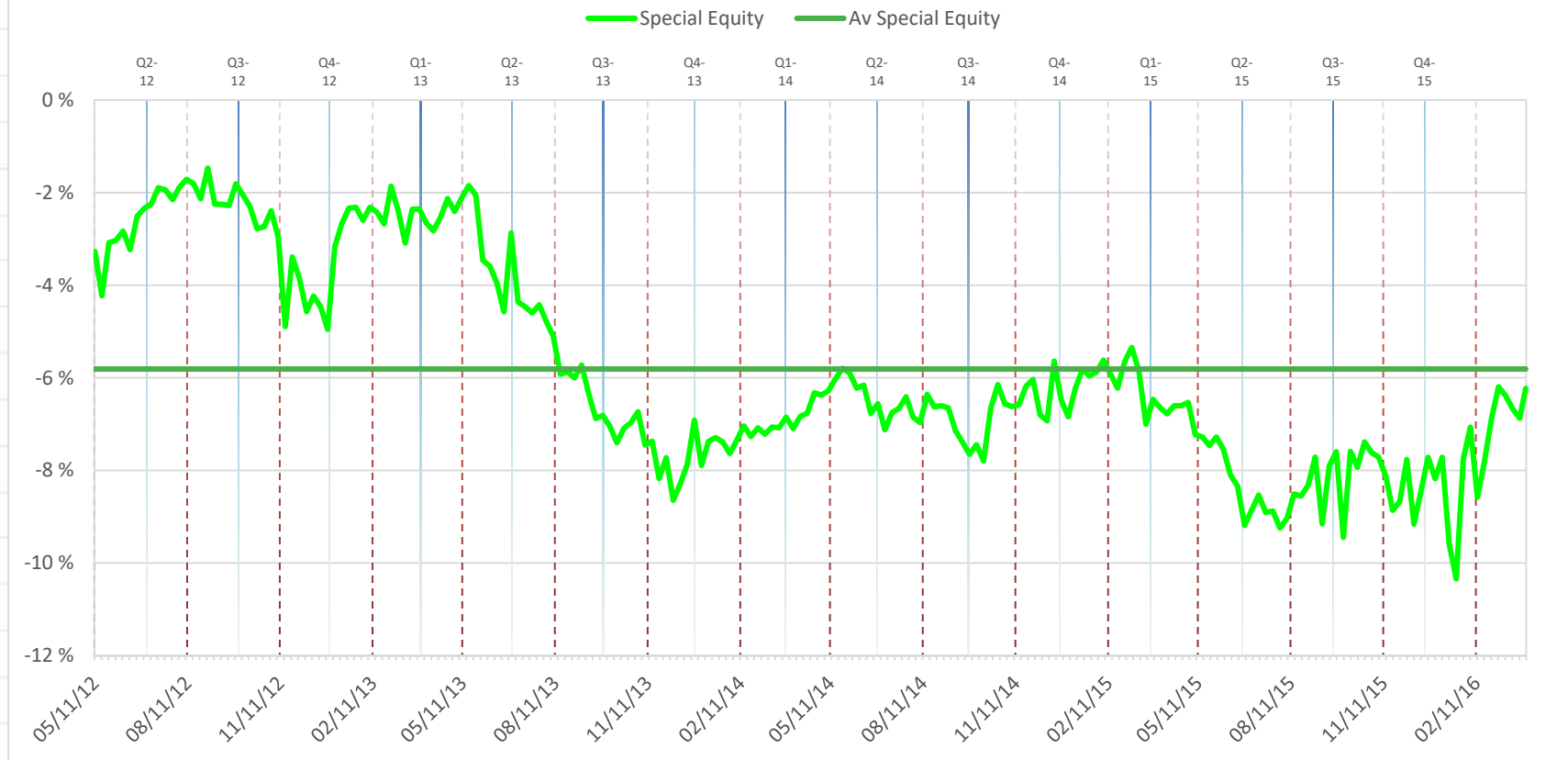


Source: March 31, 2016 - CEFA's Closed-End Fund Universe Report

# Domestic Specialty Equity Funds

## Average Premium / Discount

Domestic Special Equity - Average CEF Discount  
May 11, 2012 - March 31, 2016

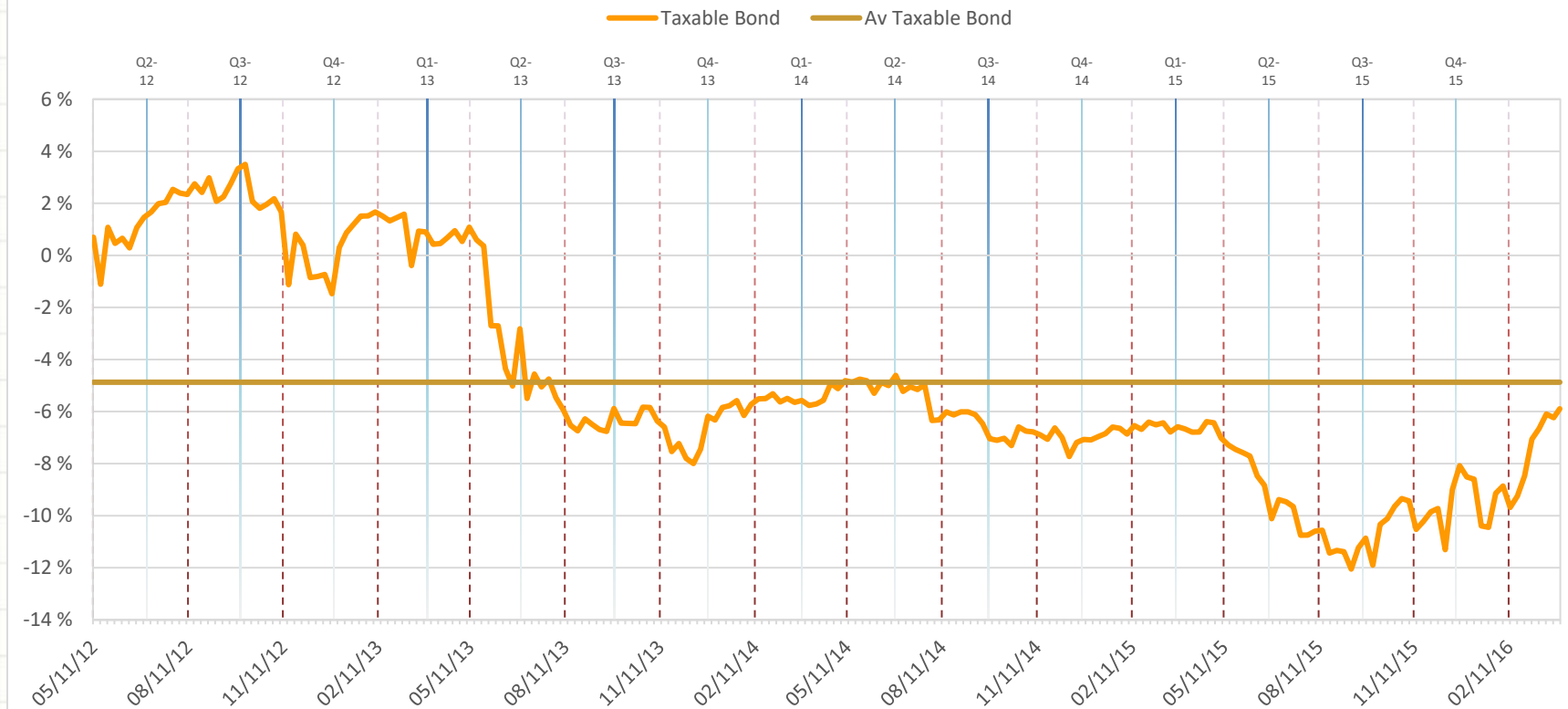


Source: March 31, 2016 - CEFA's Closed-End Fund Universe Report

# Taxable Bond Funds

## Average Premium / Discount

**Taxable Bond - Average CEF Discount**  
**May 11, 2012 - March 31, 2016**



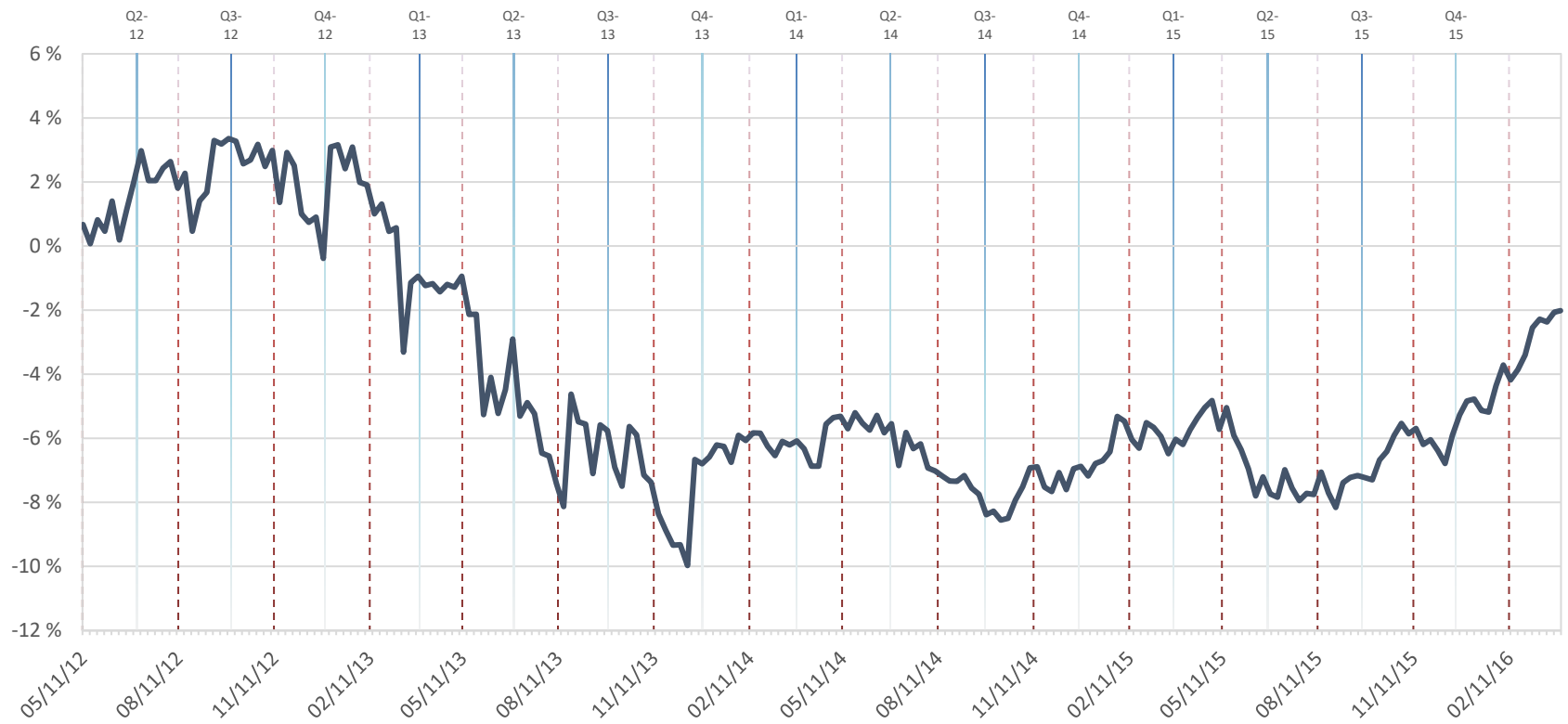
Source: March 31, 2016 - CEFA's Closed-End Fund Universe Report

# Municipal Bond Funds

## Average Premium / Discount

All Muni Bond - Average CEF Discount  
May 11, 2012 - March 31, 2016

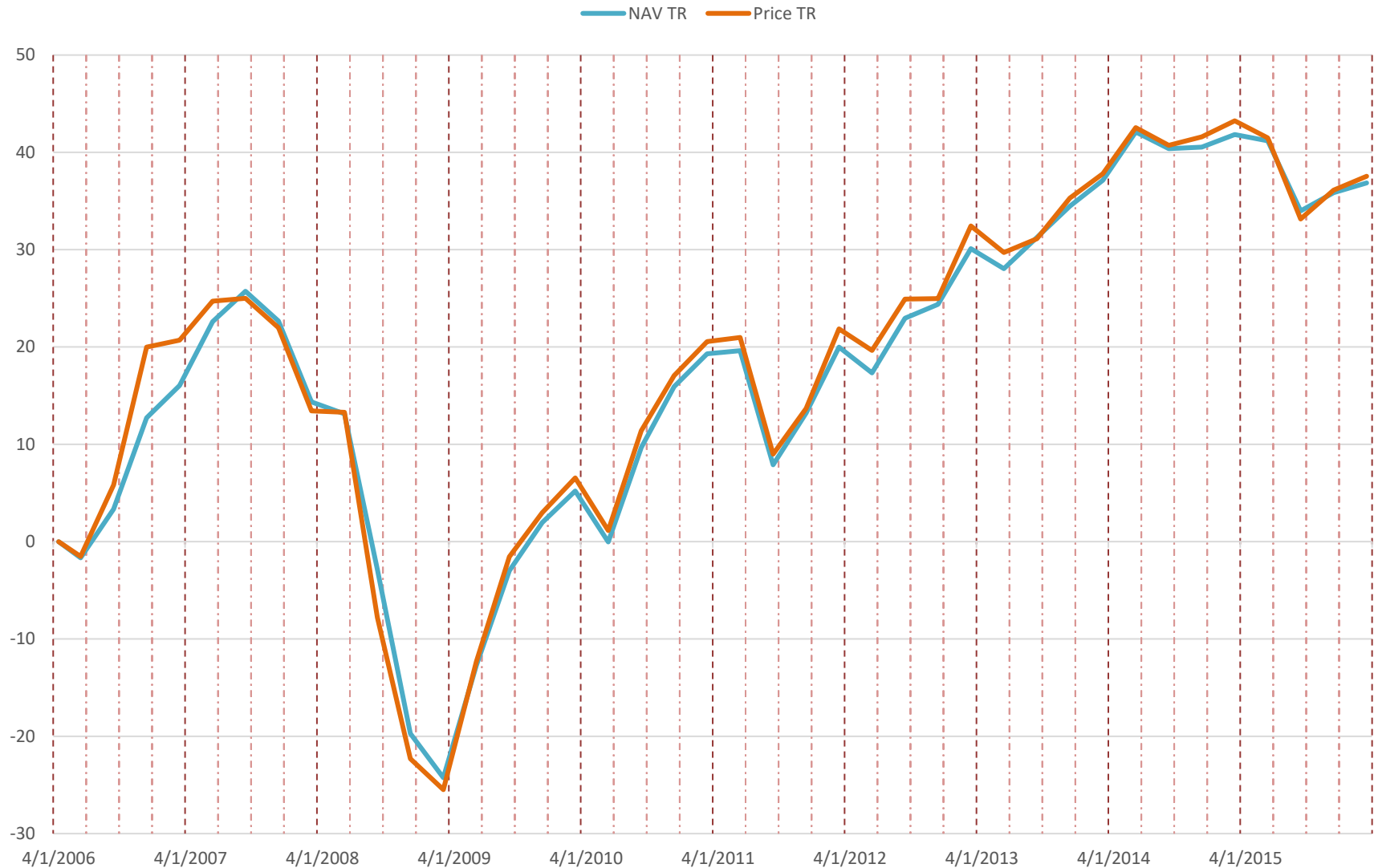
— All Muni Bond



Source: March 31, 2016 - CEFA's Closed-End Fund Universe Report

# All Equity - Total Return

## April 1, 2006 - March 31, 2016

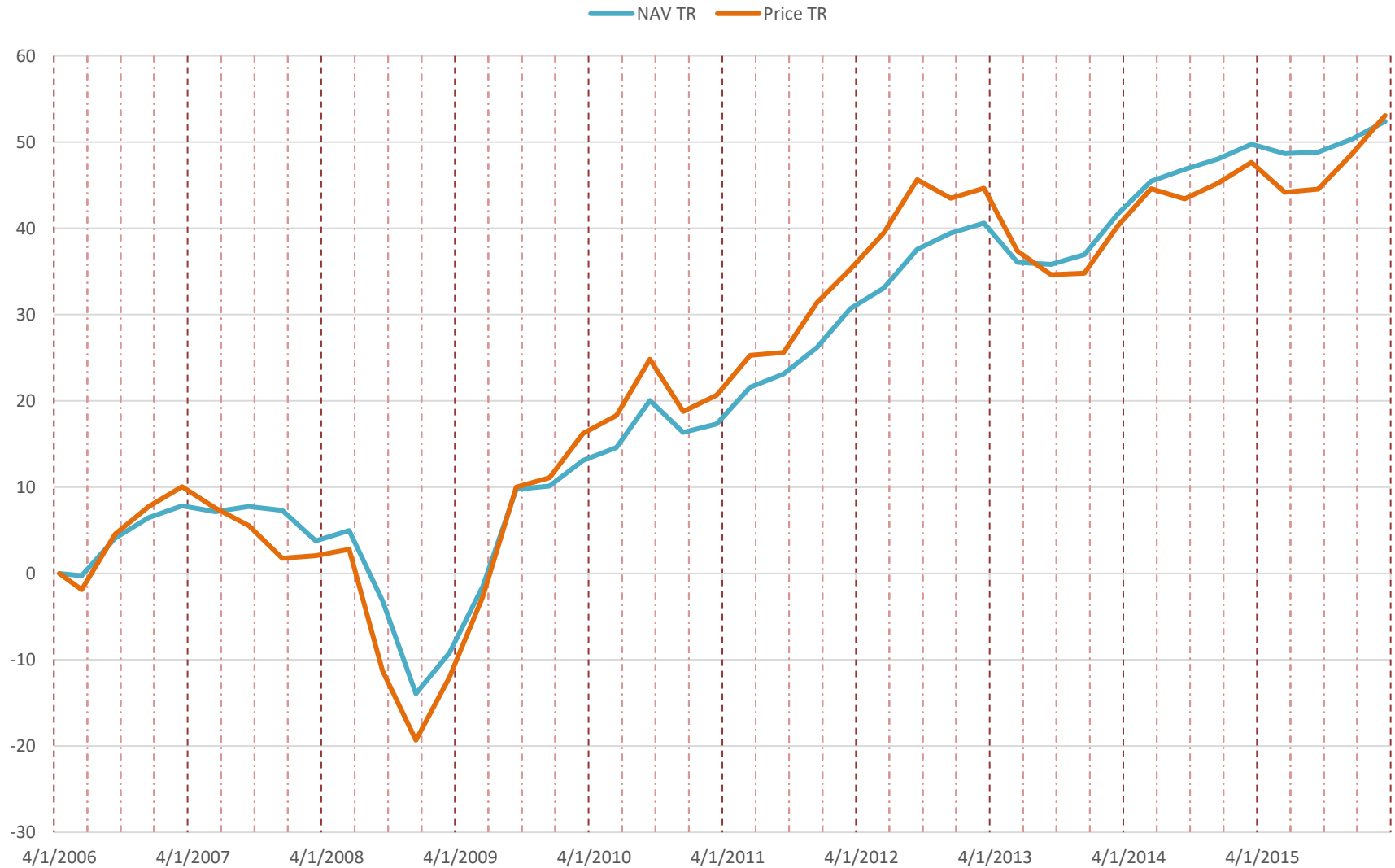


Source: CEFData.com

[www.CEFadvisors.com](http://www.CEFadvisors.com)

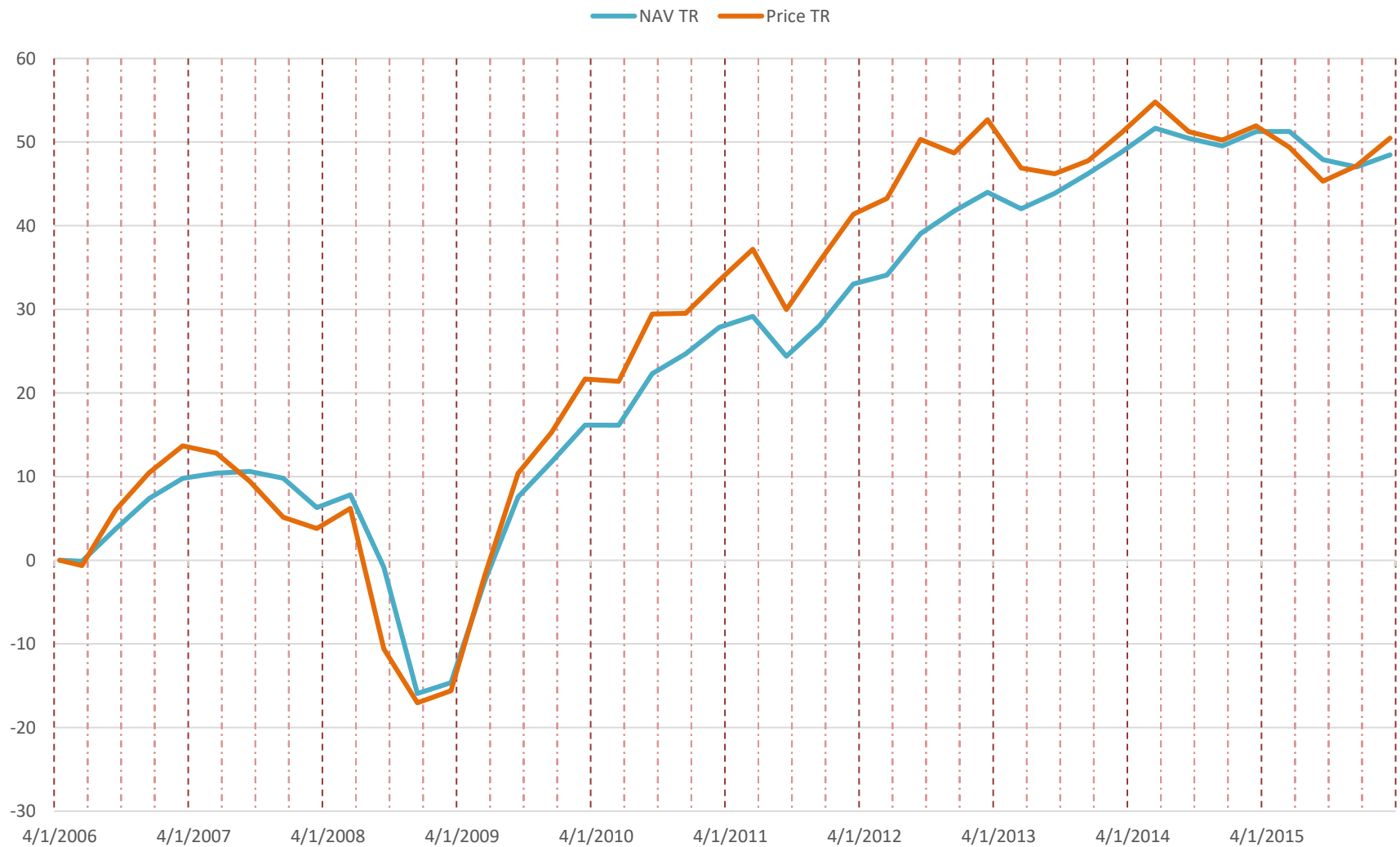


## All Bond - Total Return April 1, 2006 - March 31, 2016

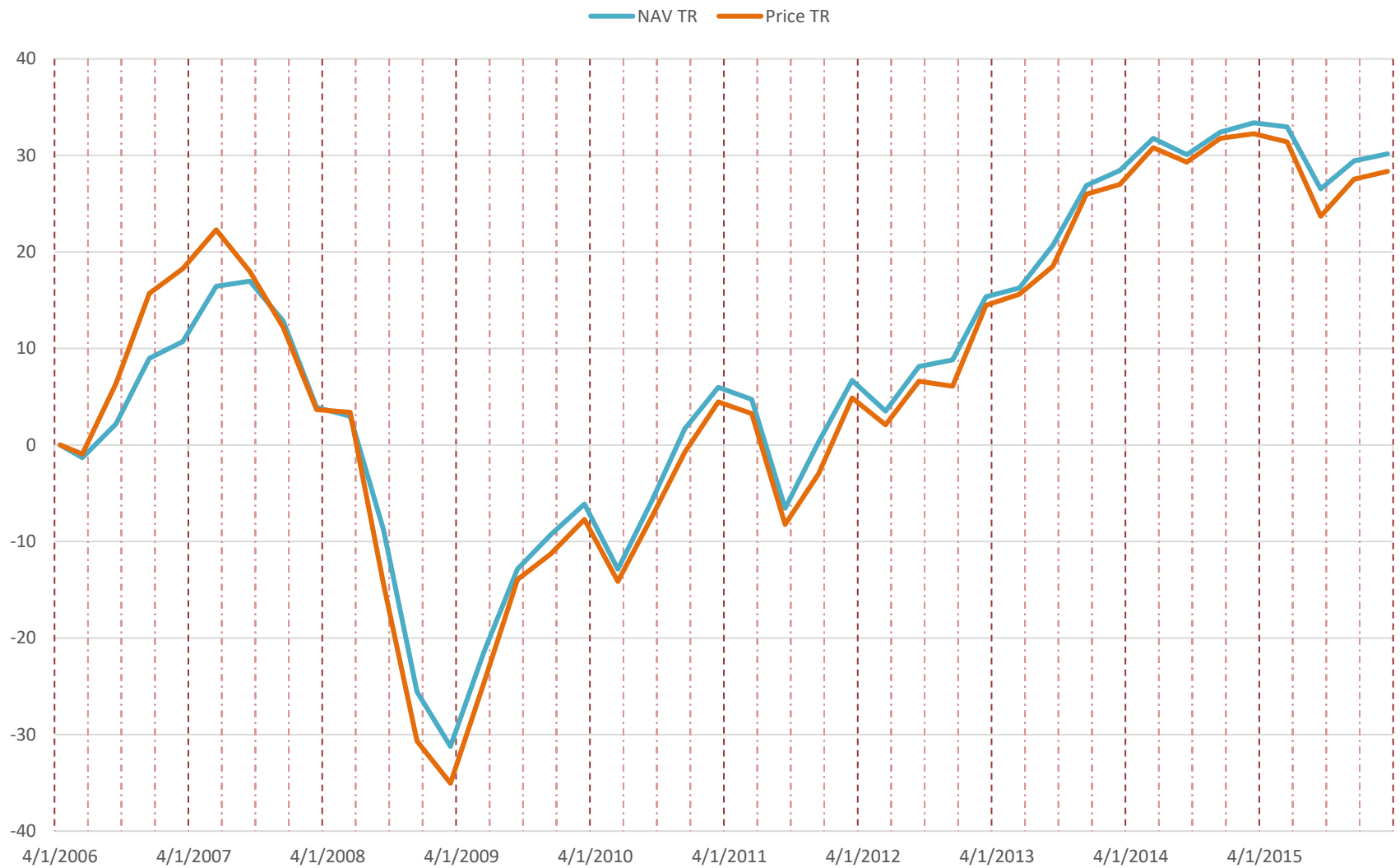




## Taxable Bonds - Total Return April 1, 2006 - March 31, 2016

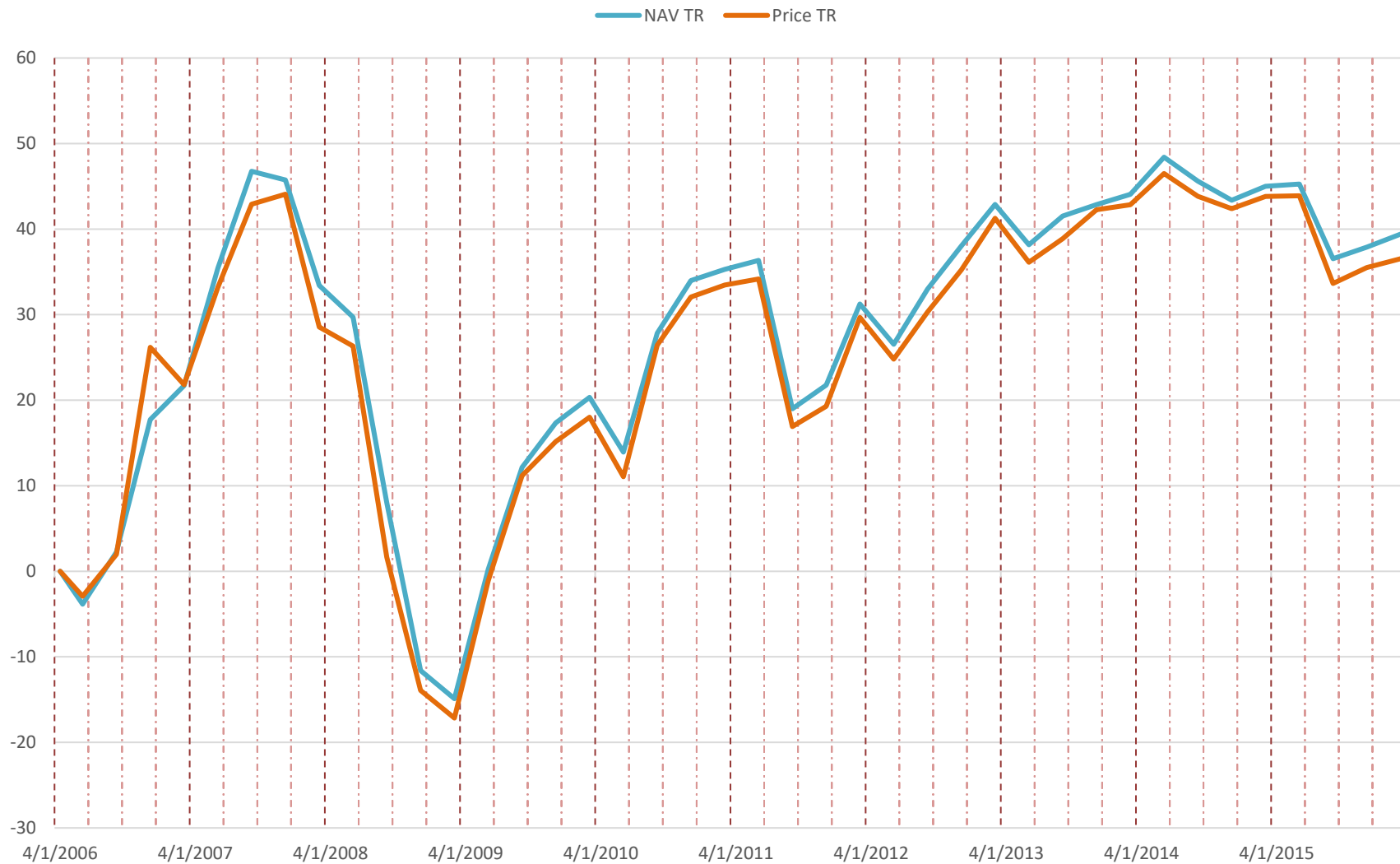


## US Equity - Total Return April 1, 2006 - March 31, 2016

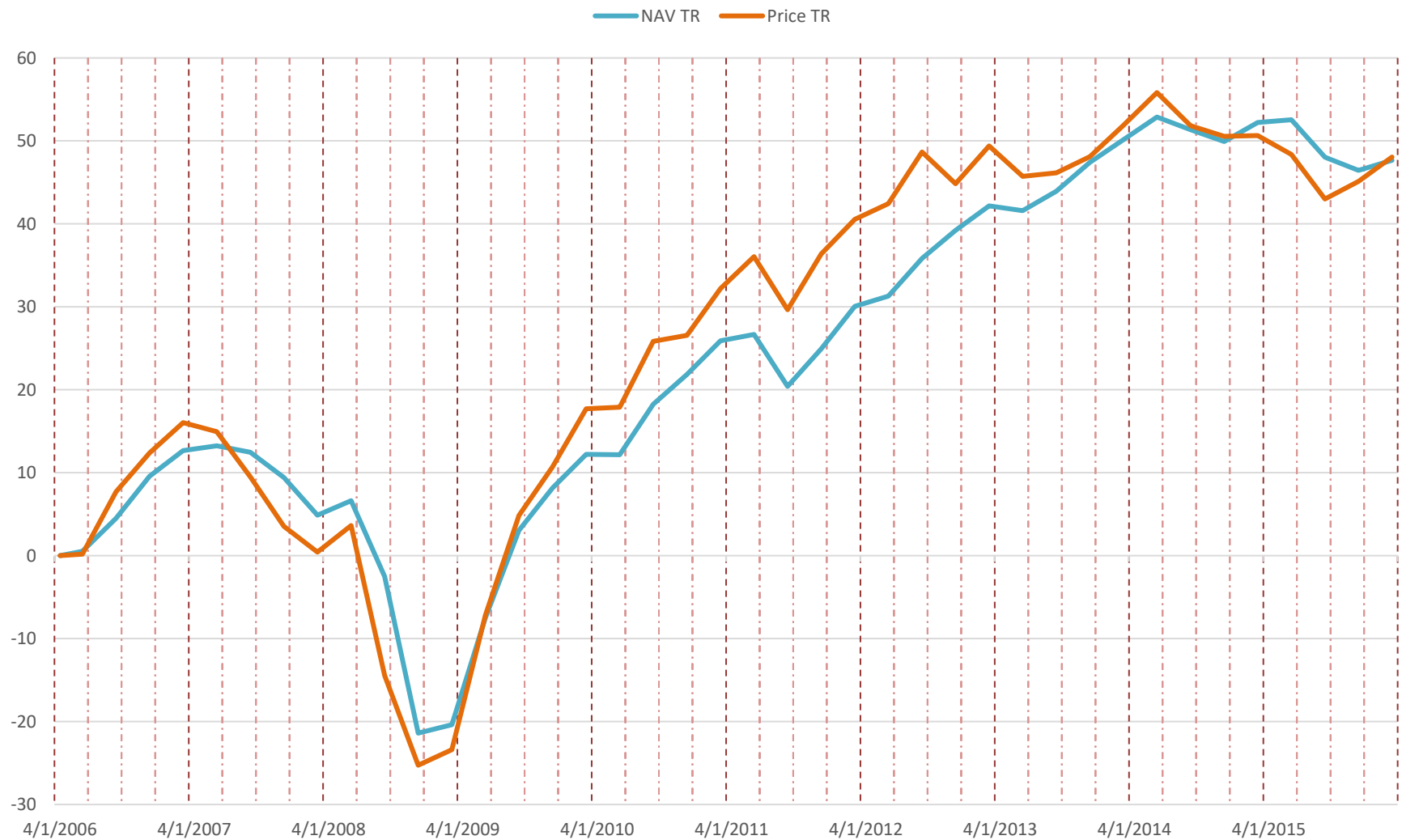


## Non US Equity - Total Return

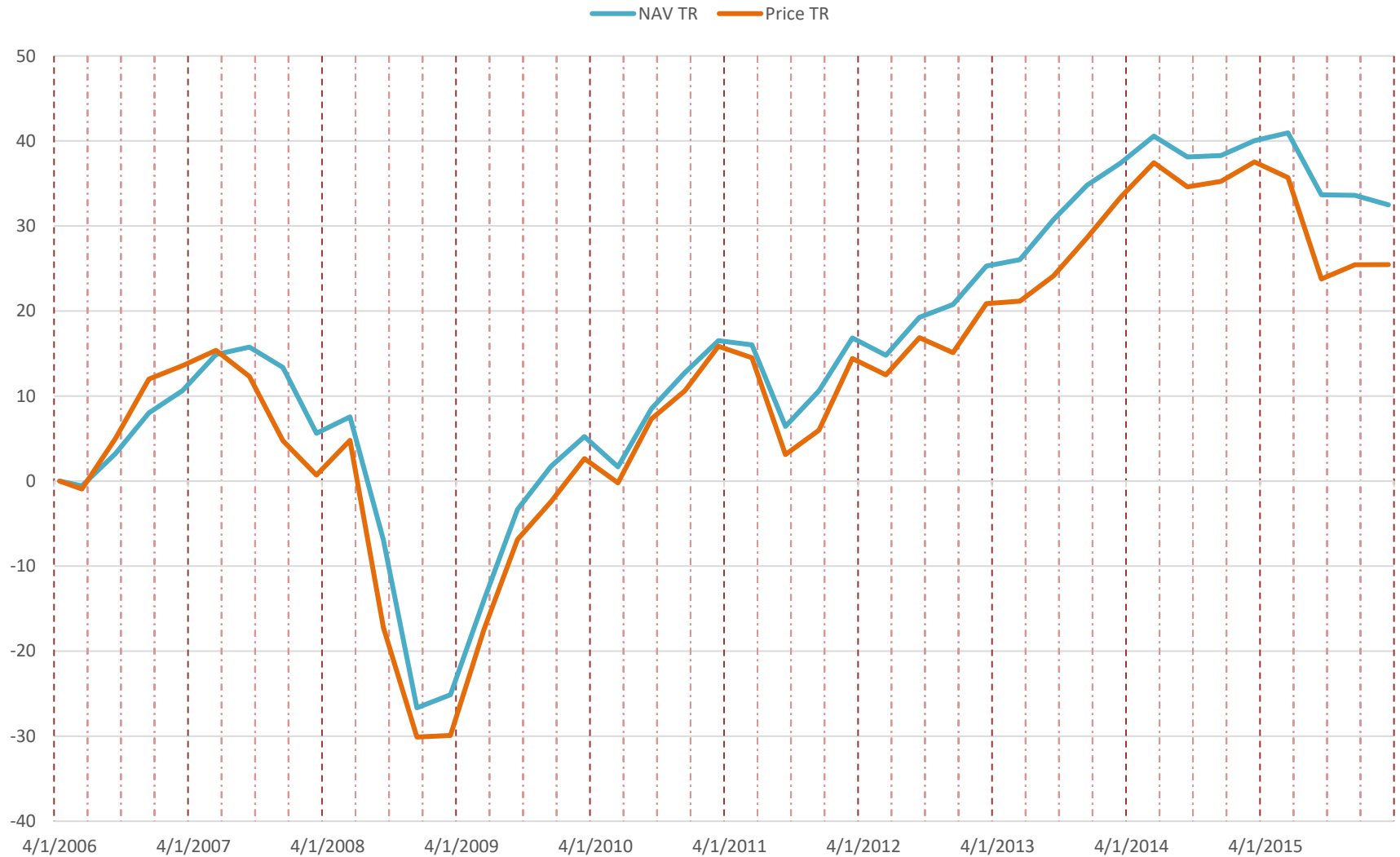
April 1, 2006 - March 31, 2016



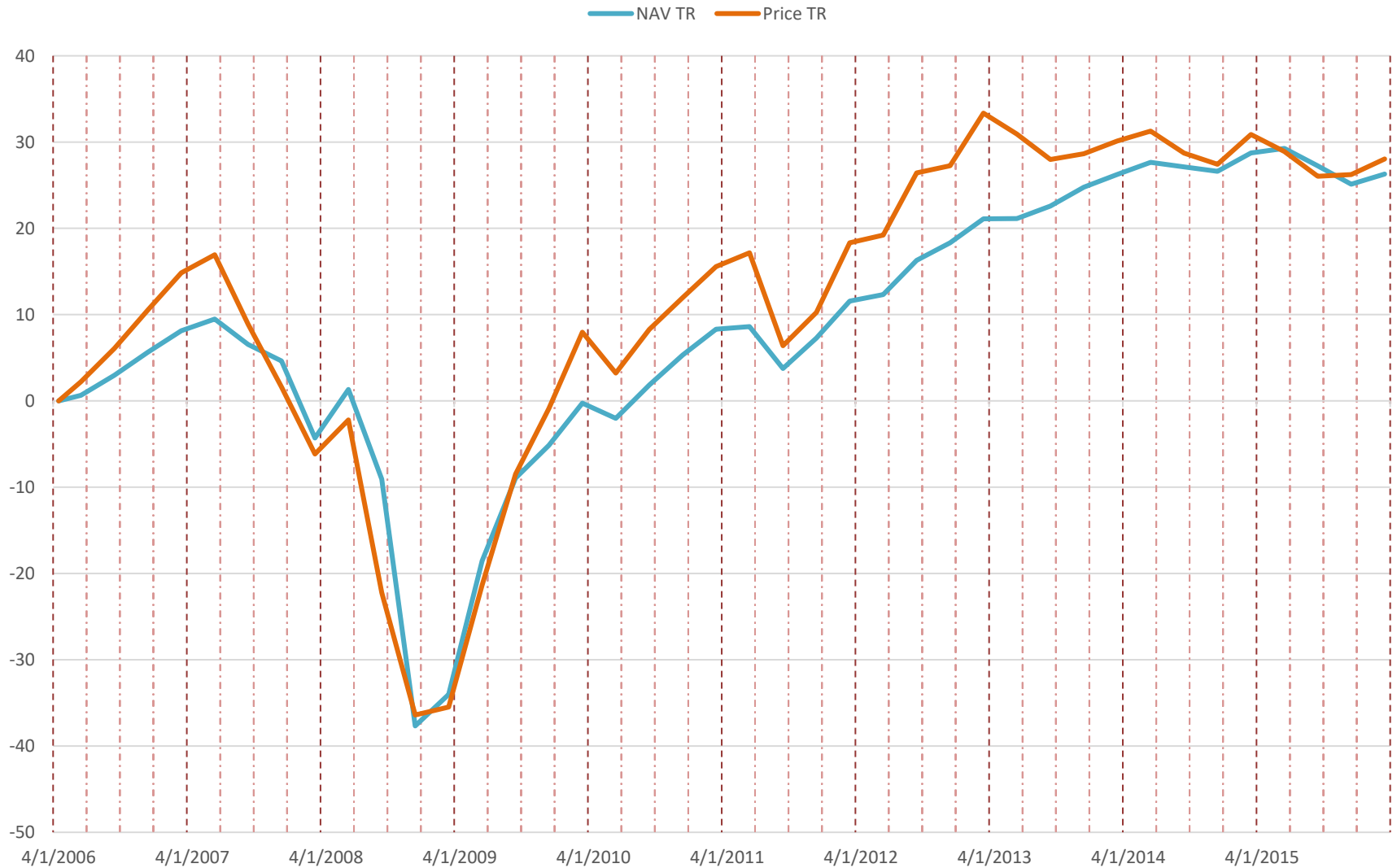
## High Yield Bond - Total Return April 1, 2006 - March 31, 2016



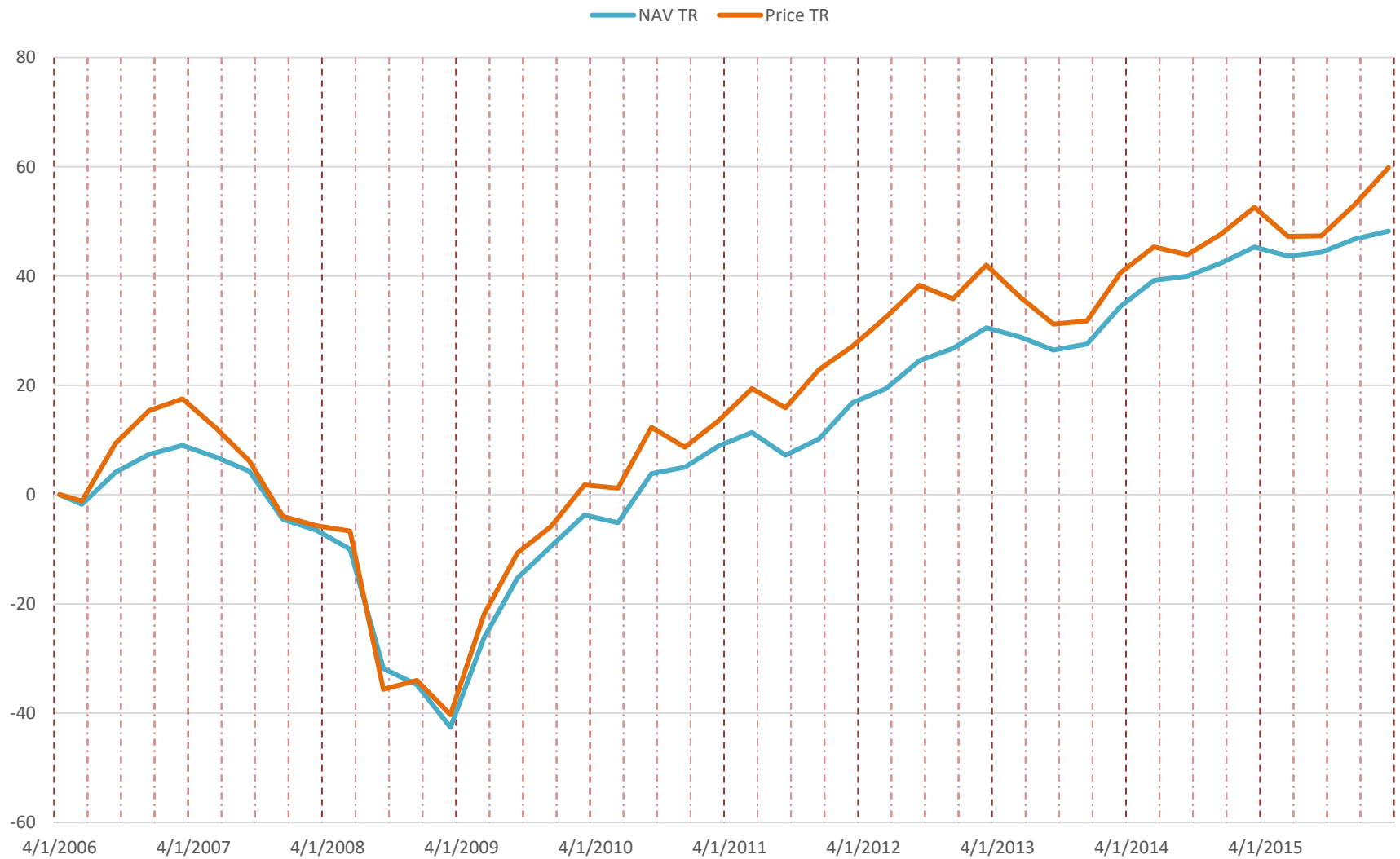
## Convertible - Total Return April 1, 2006 - March 31, 2016



## Senior Loan - Total Return April 1, 2006 - March 31, 2016



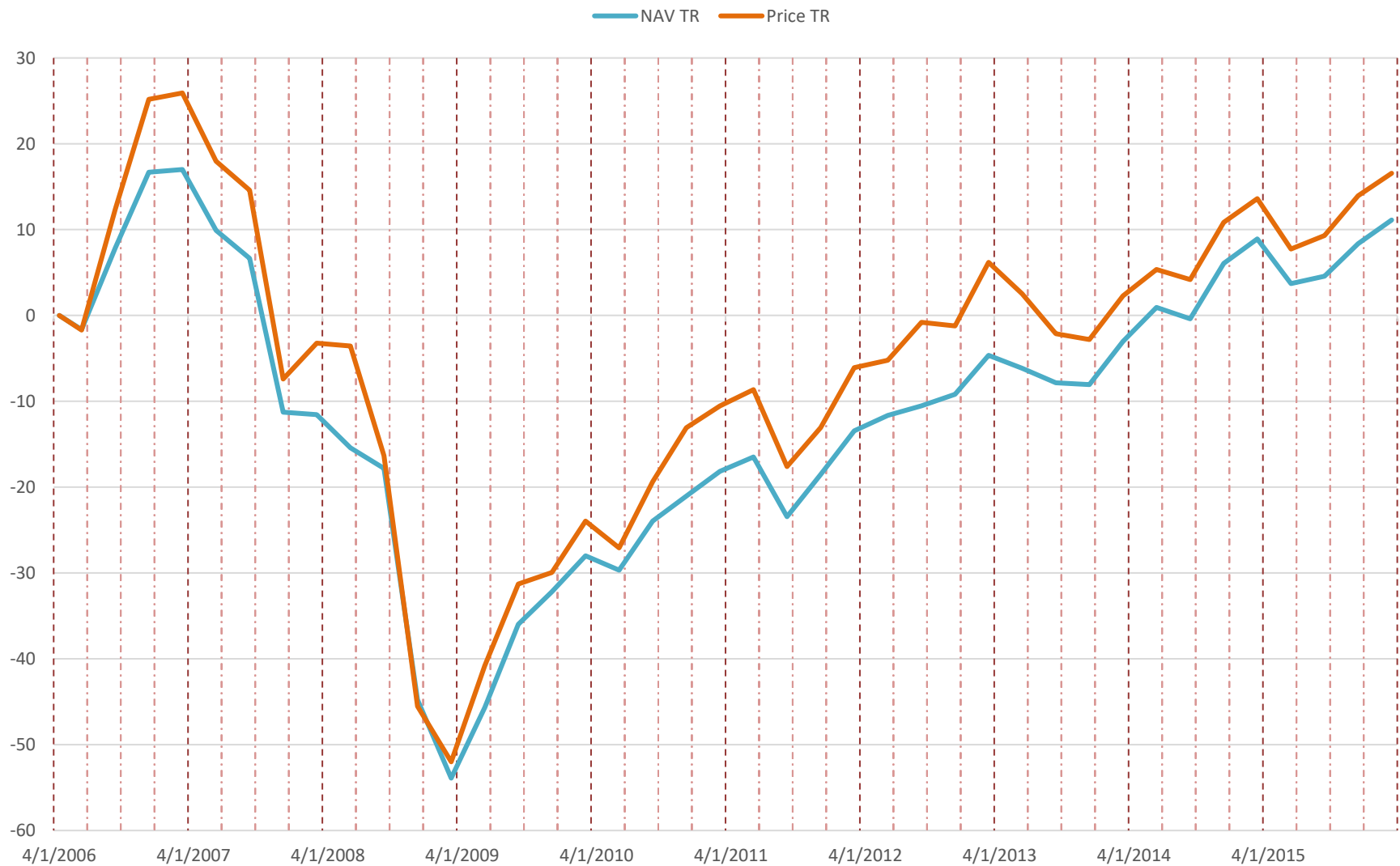
## Preferred Equity - Total Return April 1, 2006 - March 31, 2016



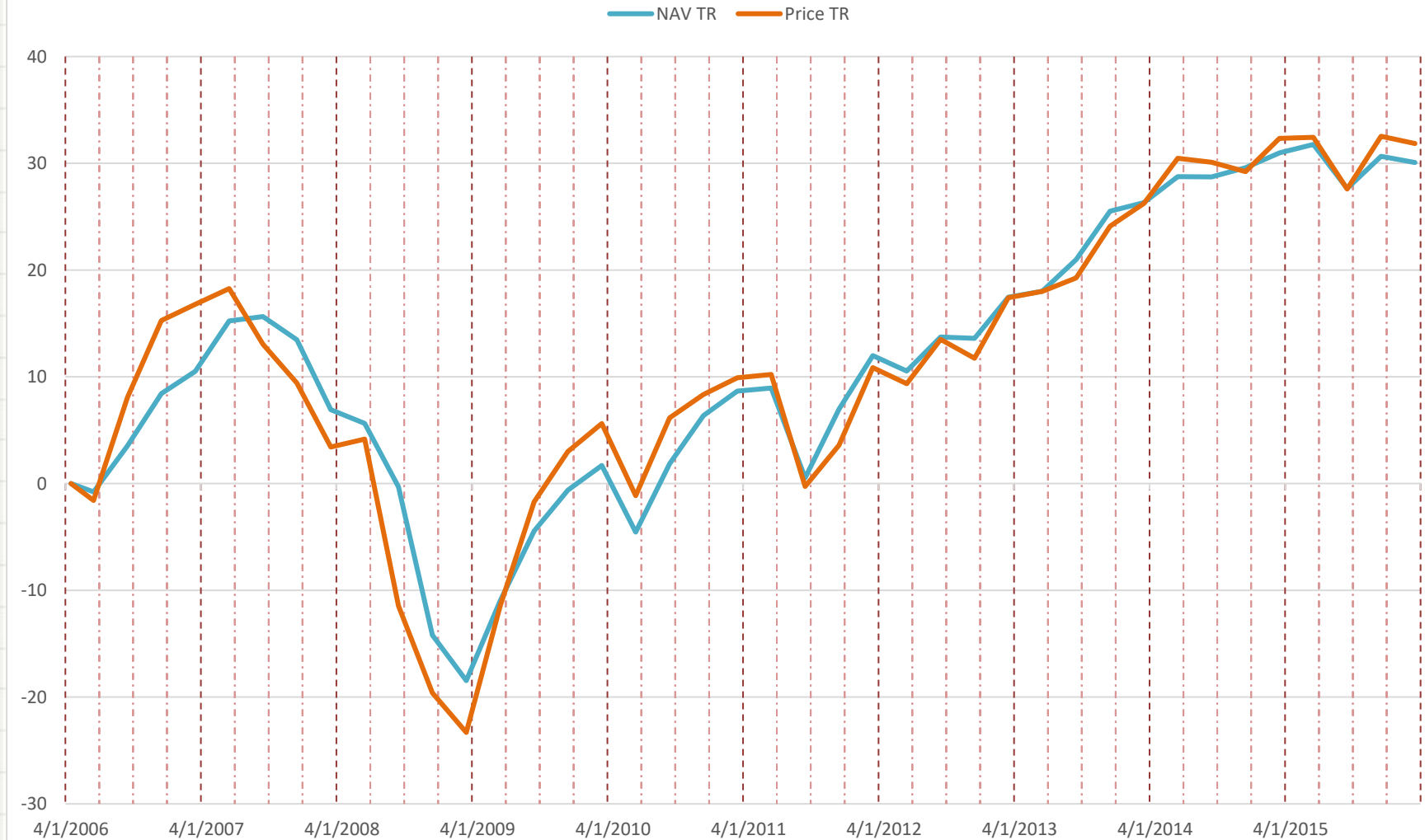


## US REIT - Total Return

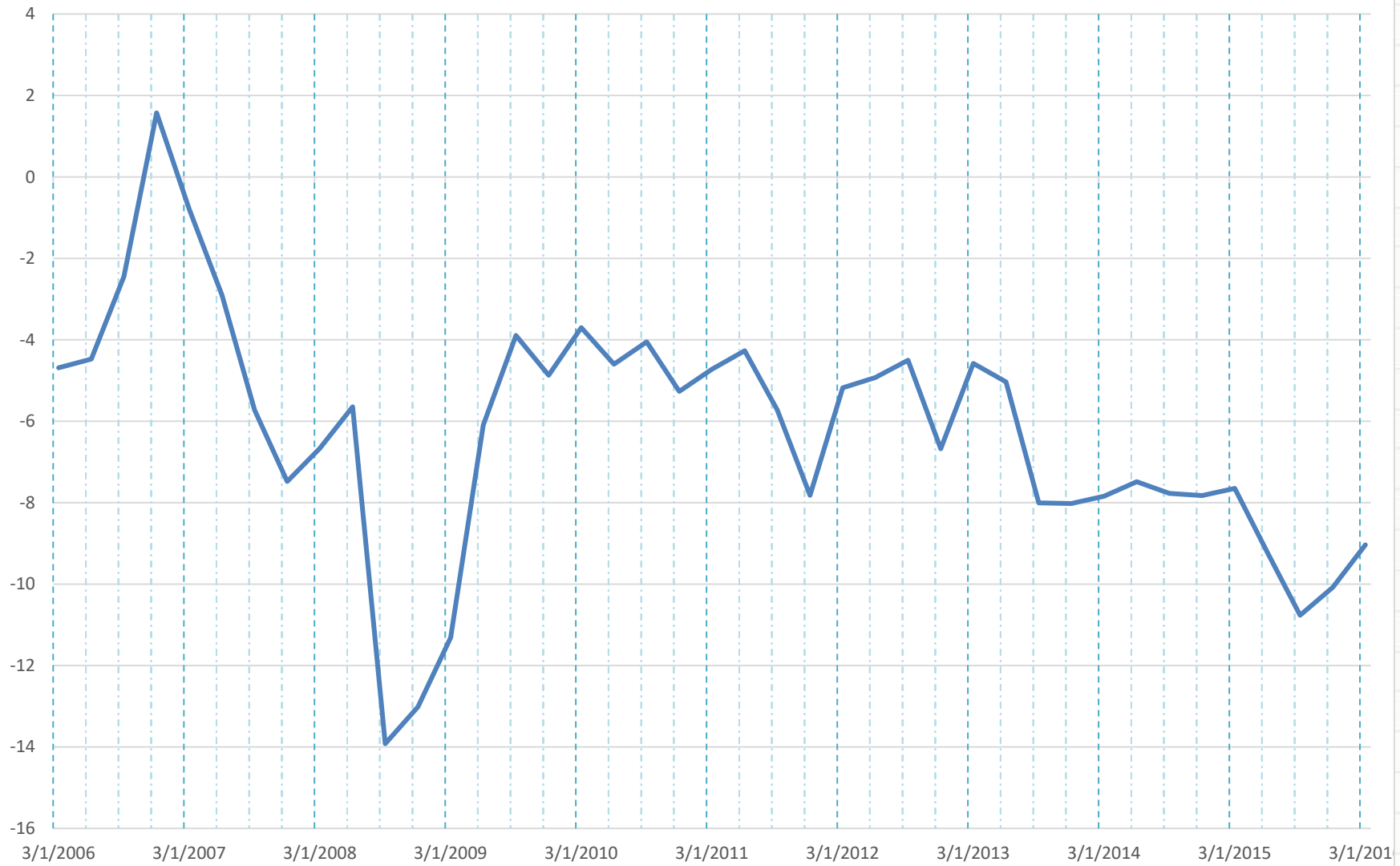
April 1, 2006 - March 31, 2016



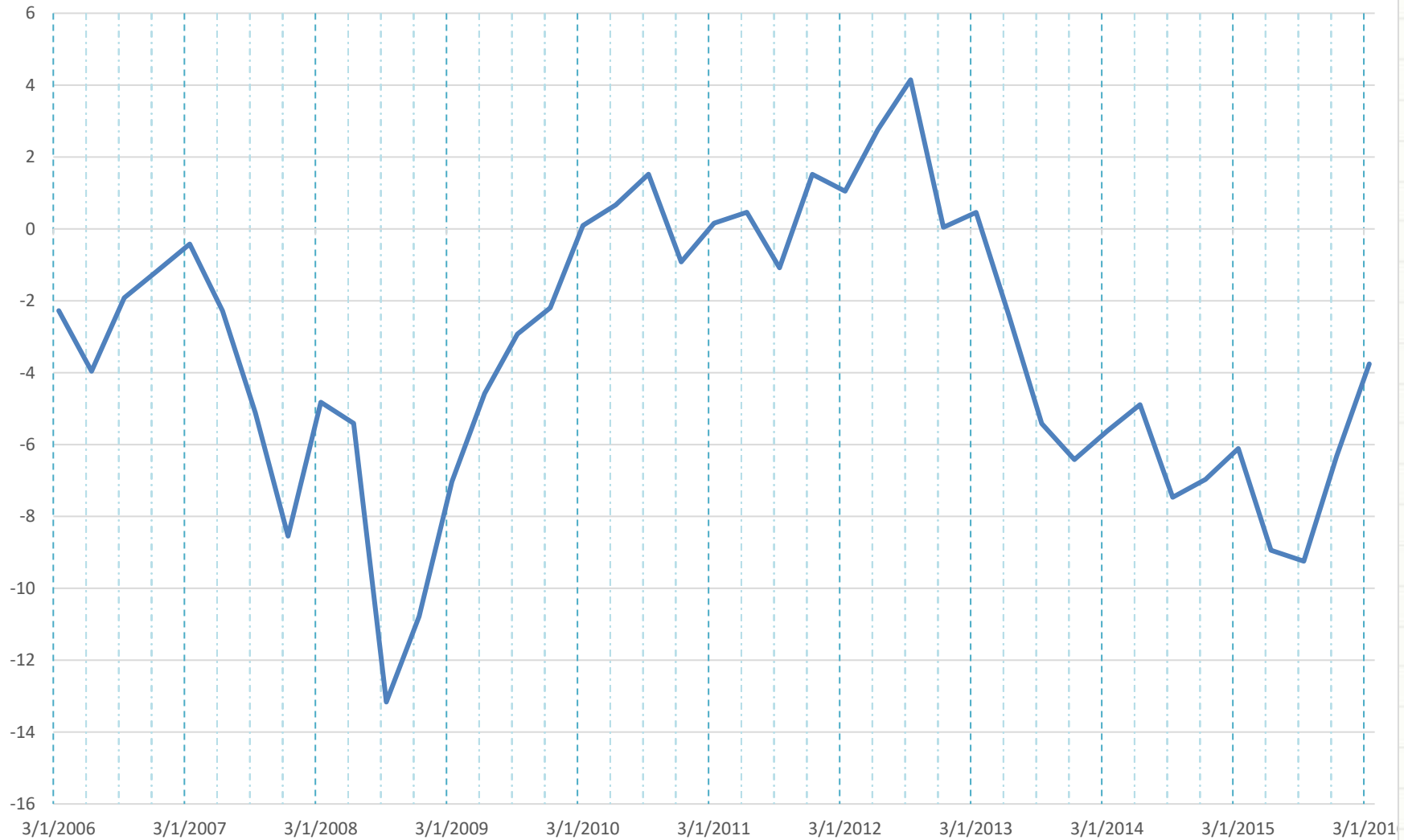
## Covered Call - Total Return April 1, 2006 - March 31, 2016



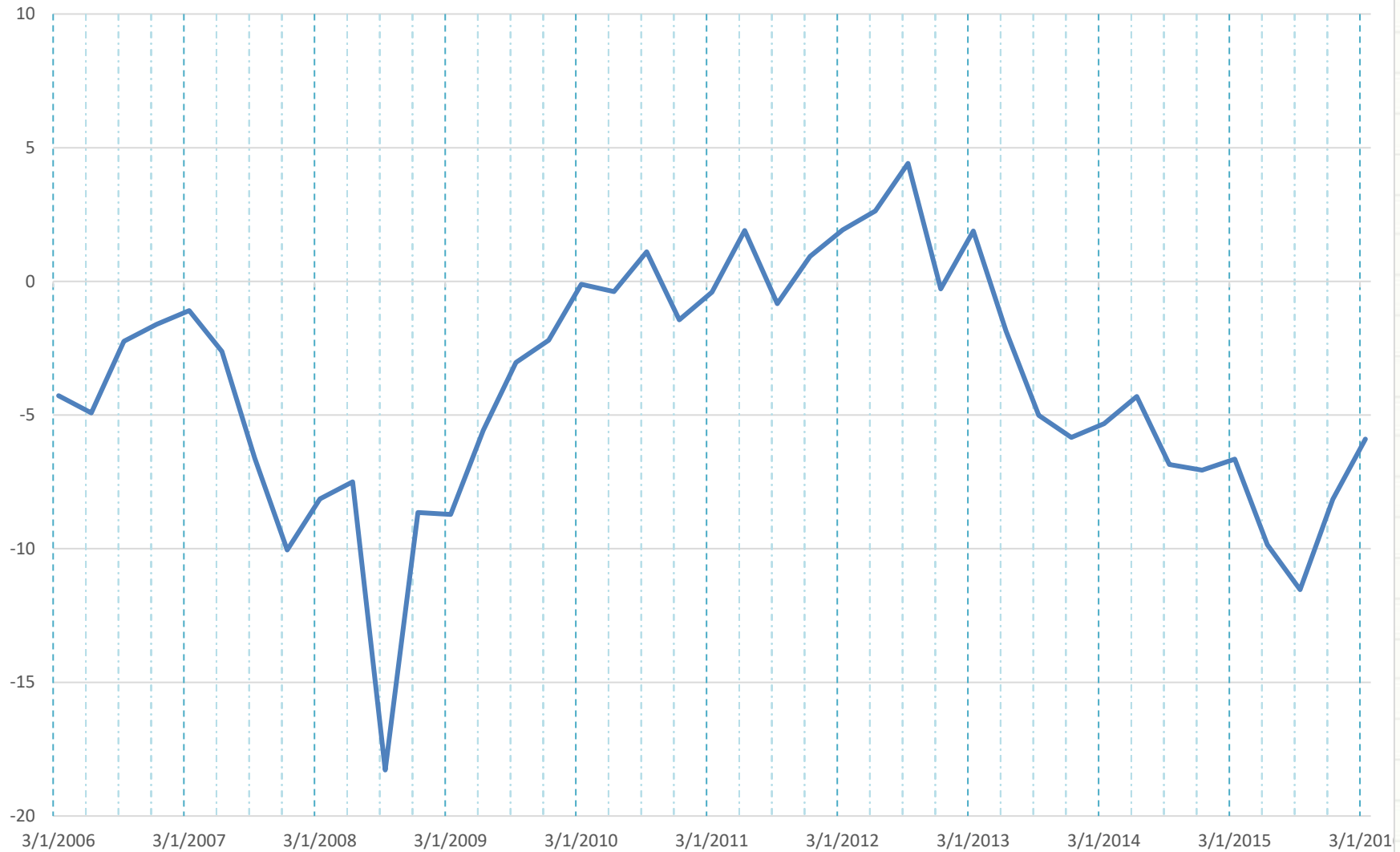
## All Equity - Average Discount / Premium April 1, 2006 - March 31, 2016



## All Bond - Average Discount / Premium April 1, 2006 - March 31, 2016

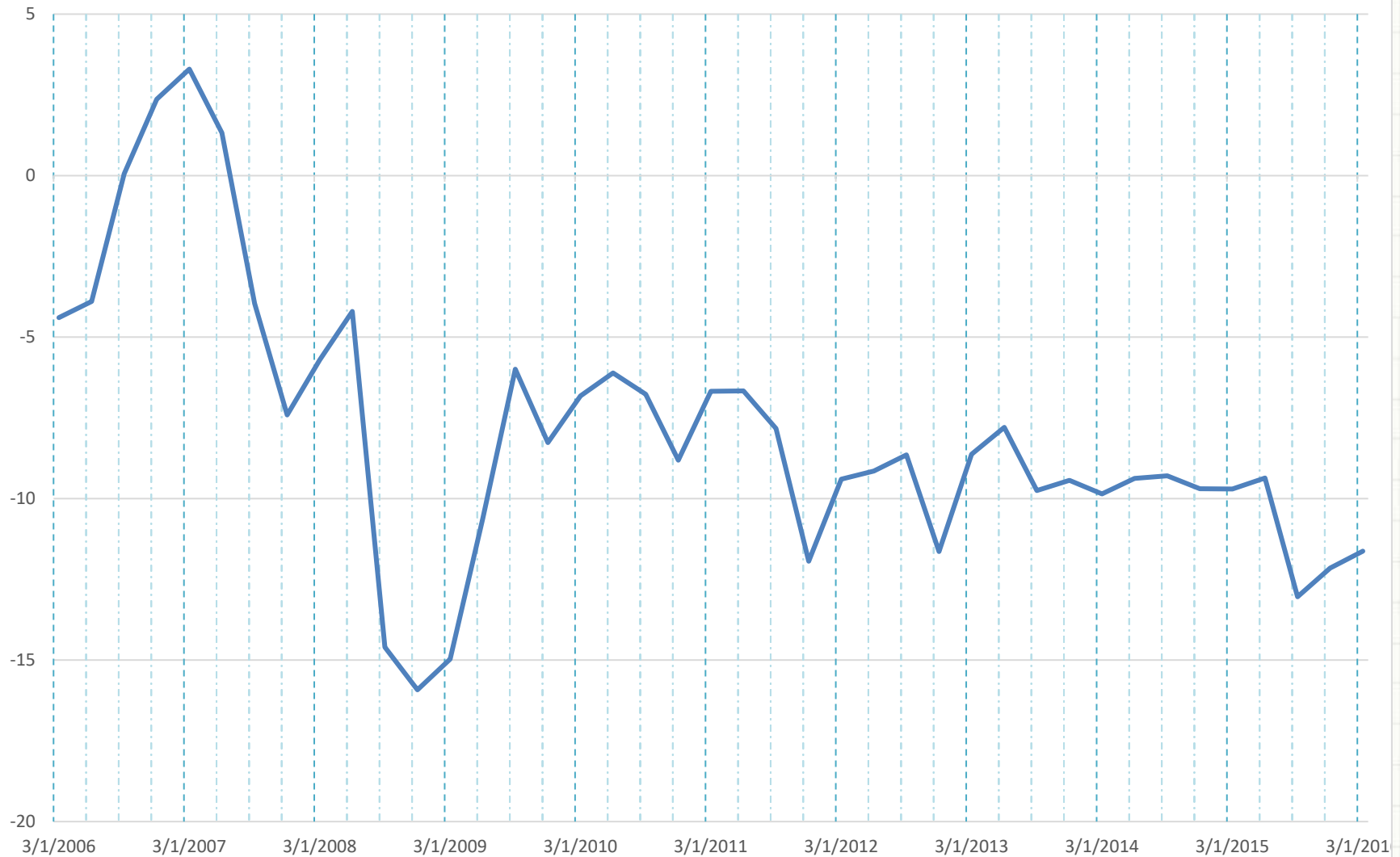


## Taxable - Average Discount / Premium April 1, 2006 - March 31, 2016

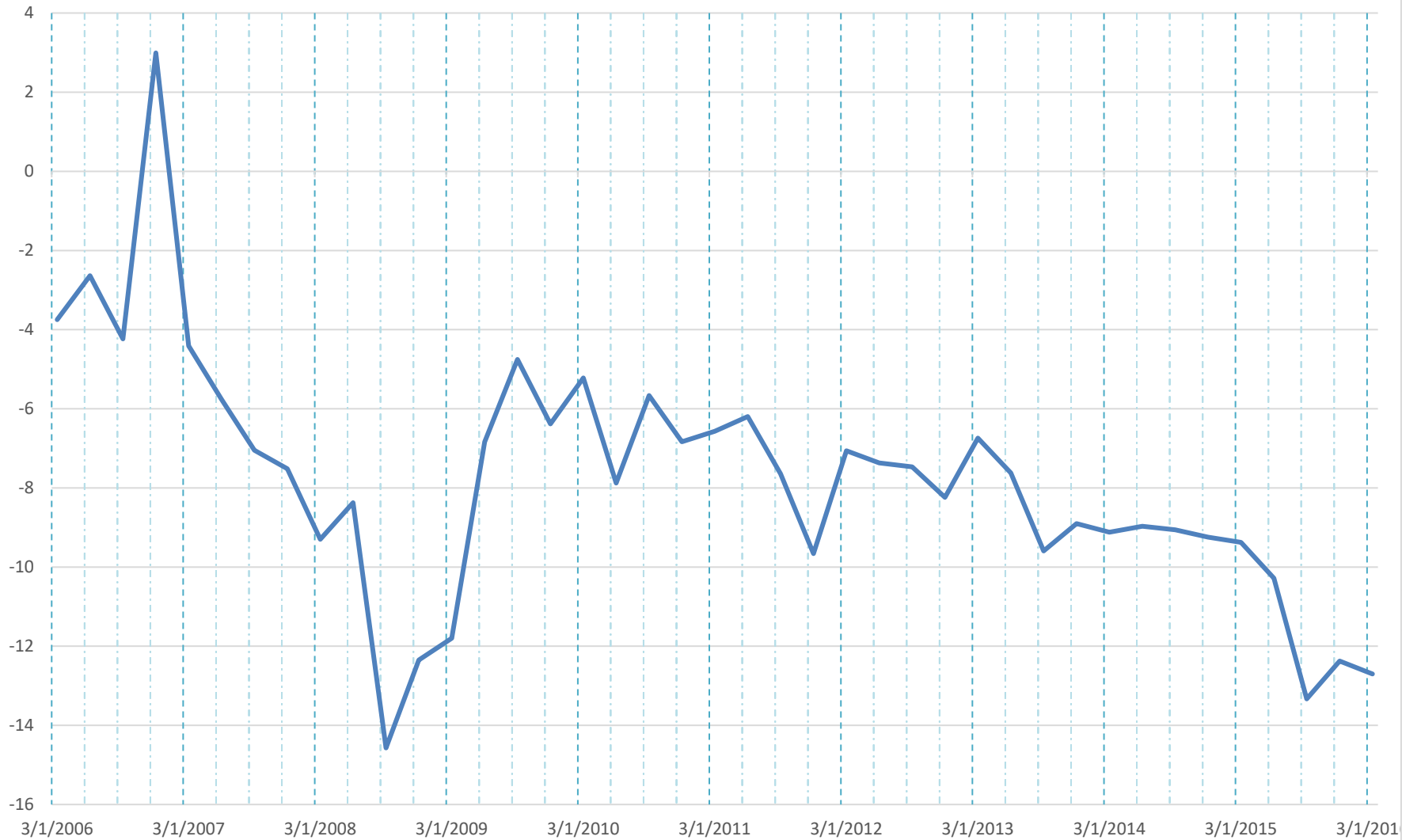


## US Equity - Average Discount / Premium

April 1, 2006 - March 31, 2016



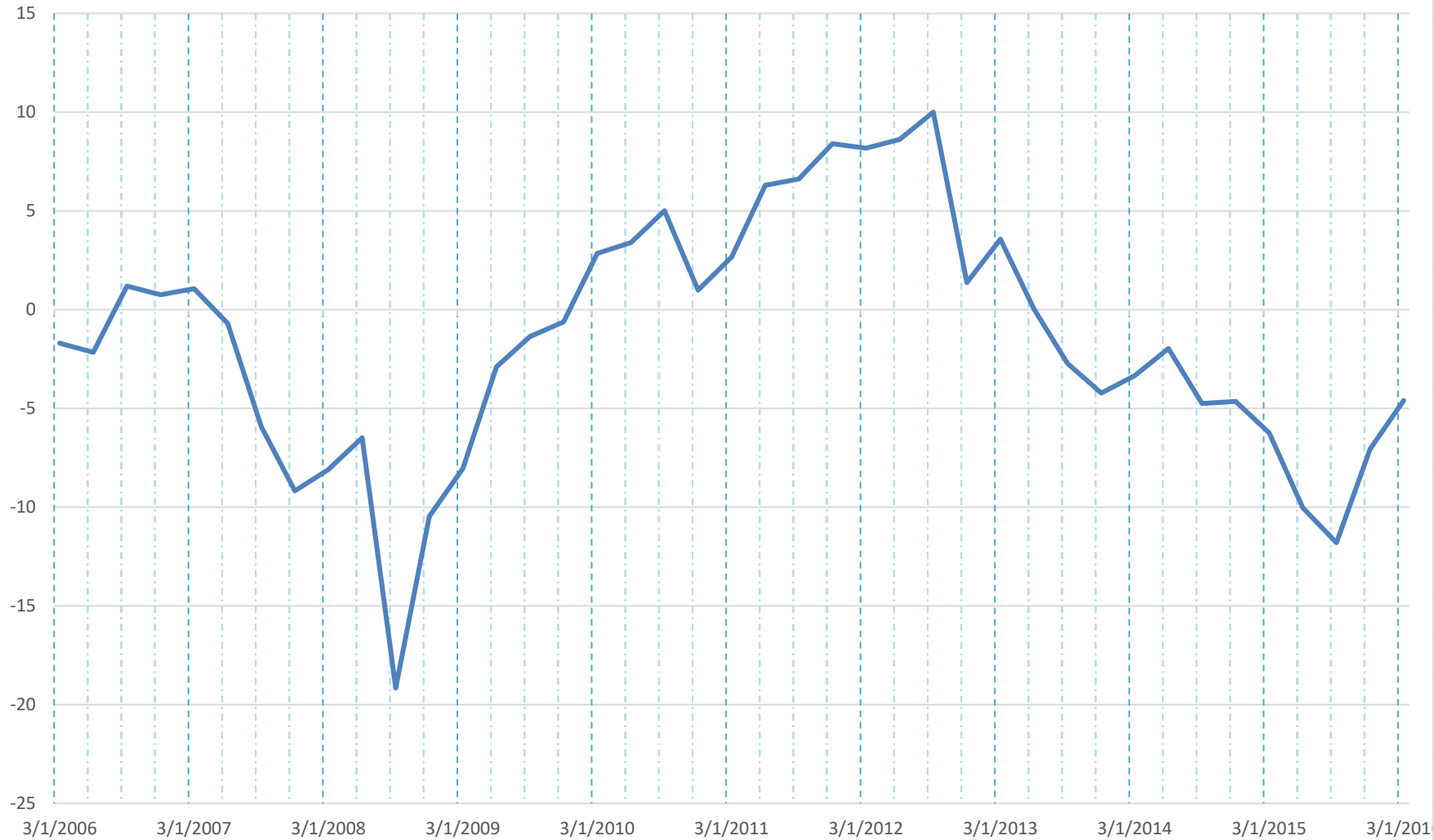
## Non US Equity - Average Discount / Premium April 1, 2006 - March 31, 2016



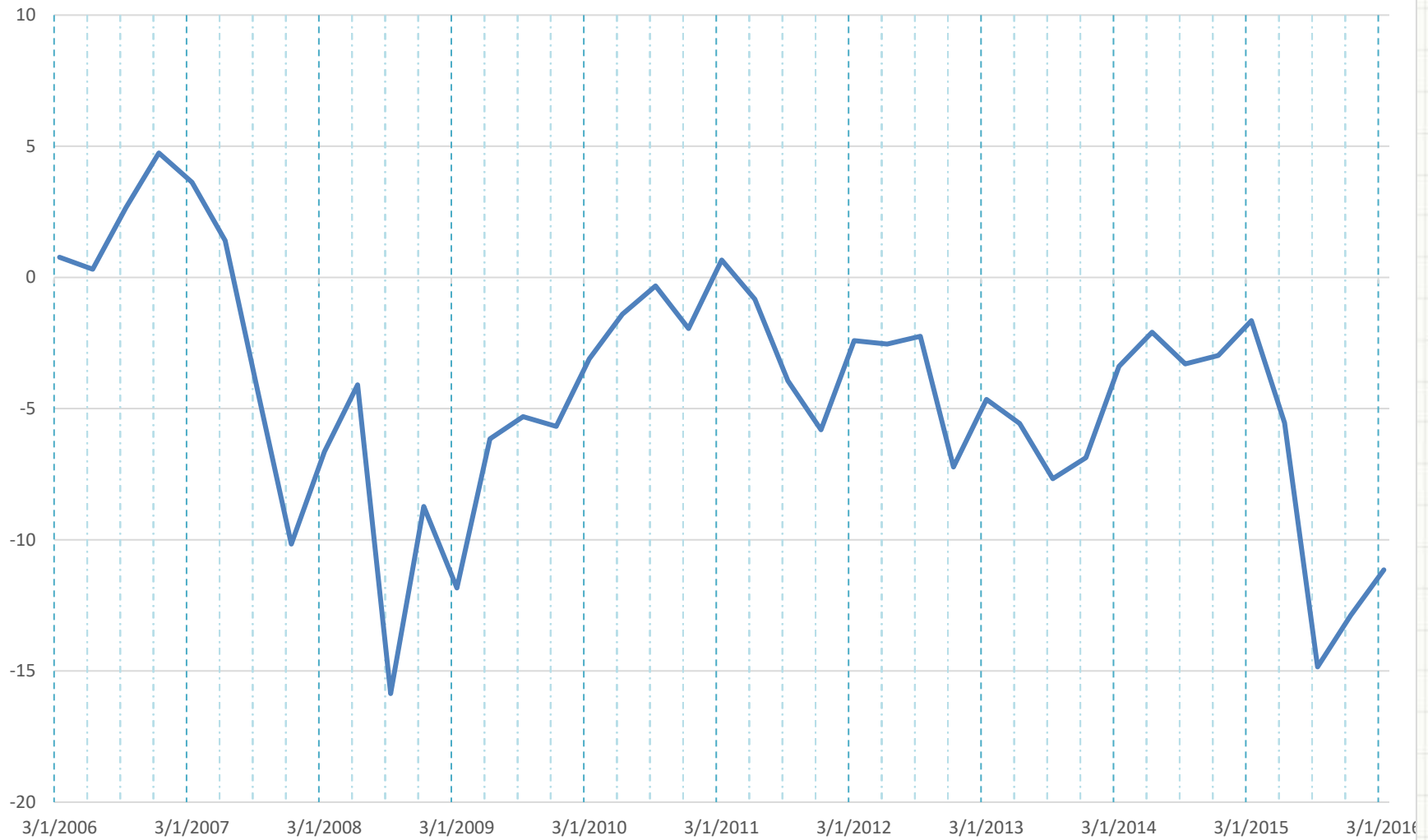


## High Yield Bond - Average Discount / Premium

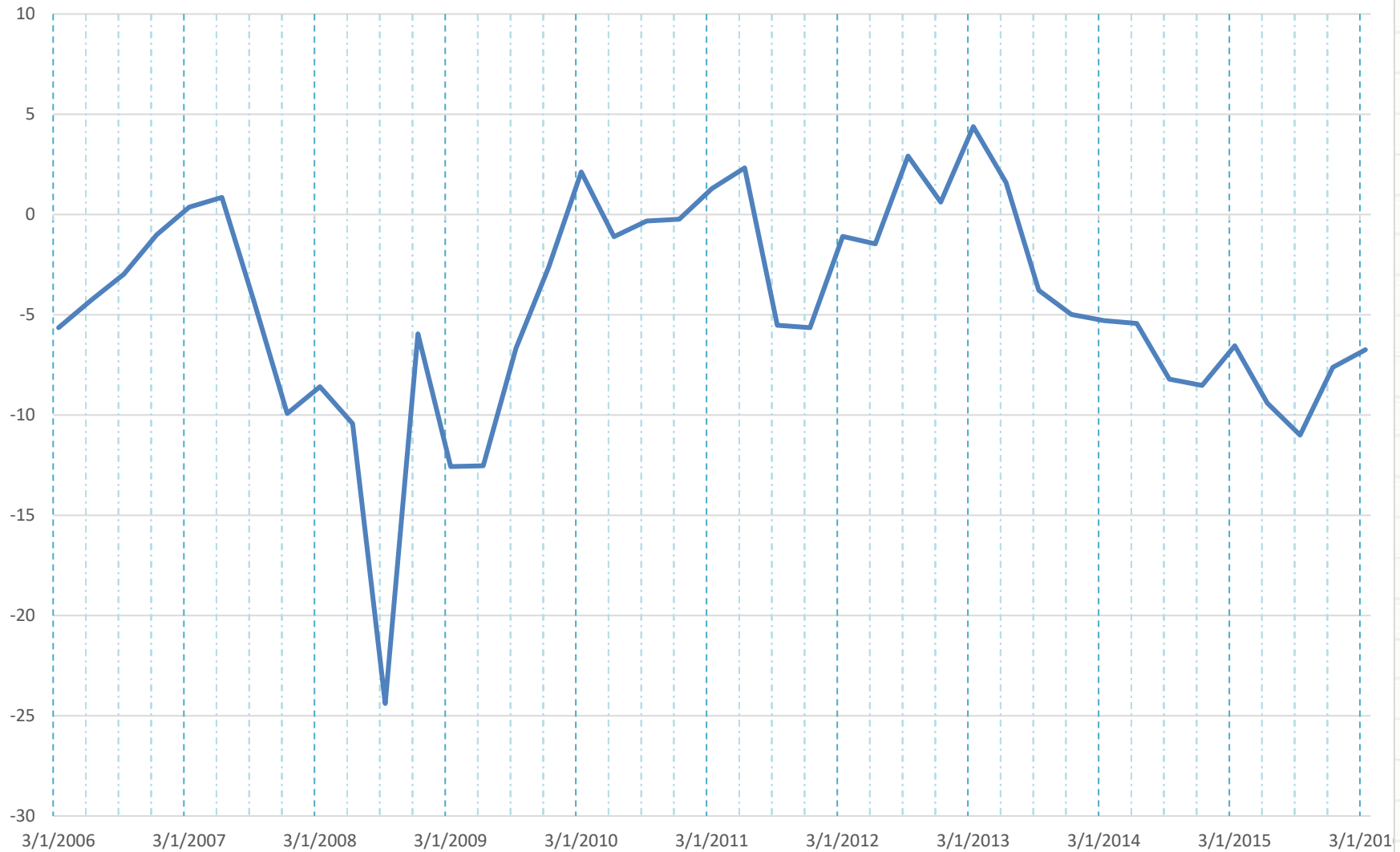
April 1, 2006 - March 31, 2016



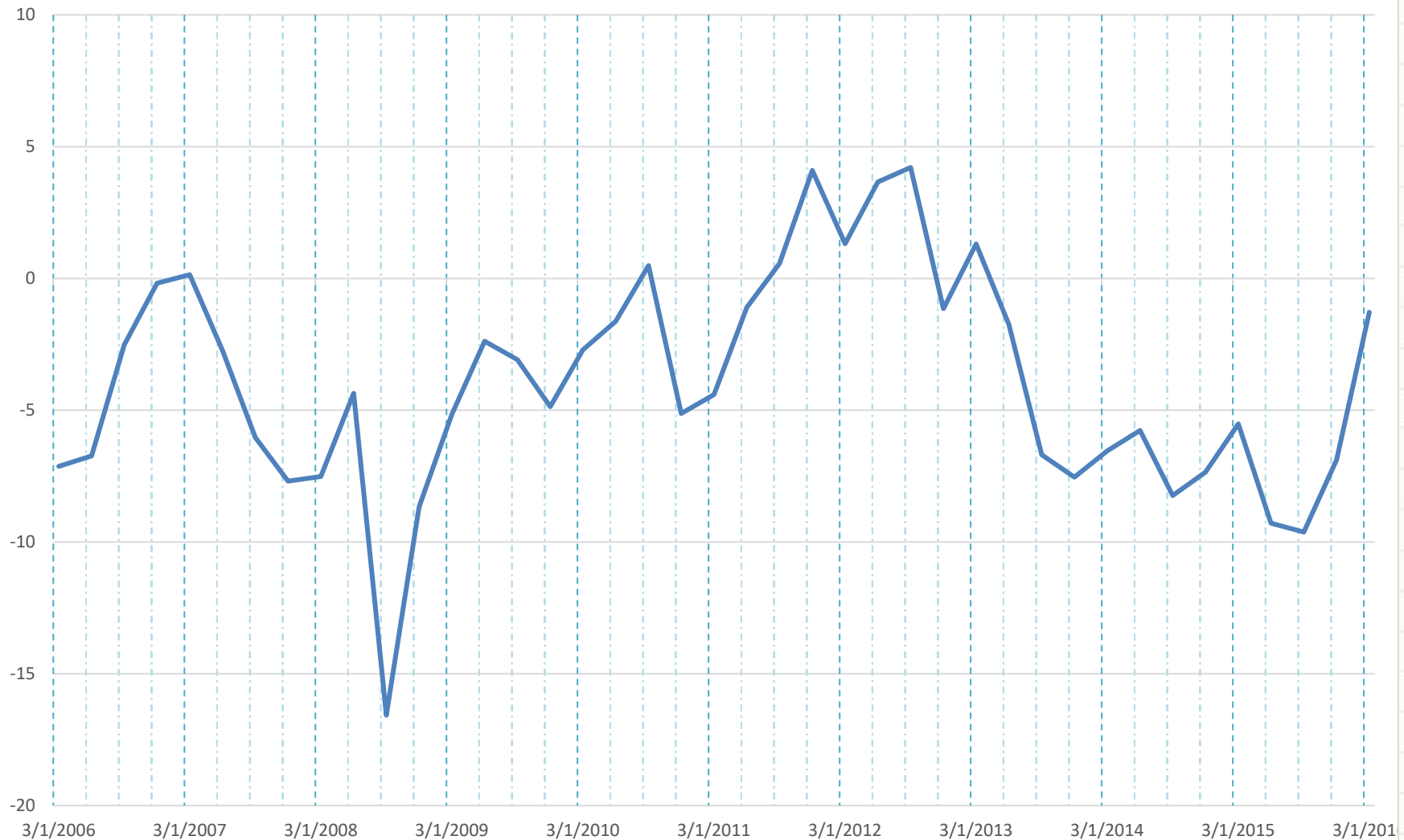
## Convertible - Average Discount / Premium April 1, 2006 - March 31, 2016



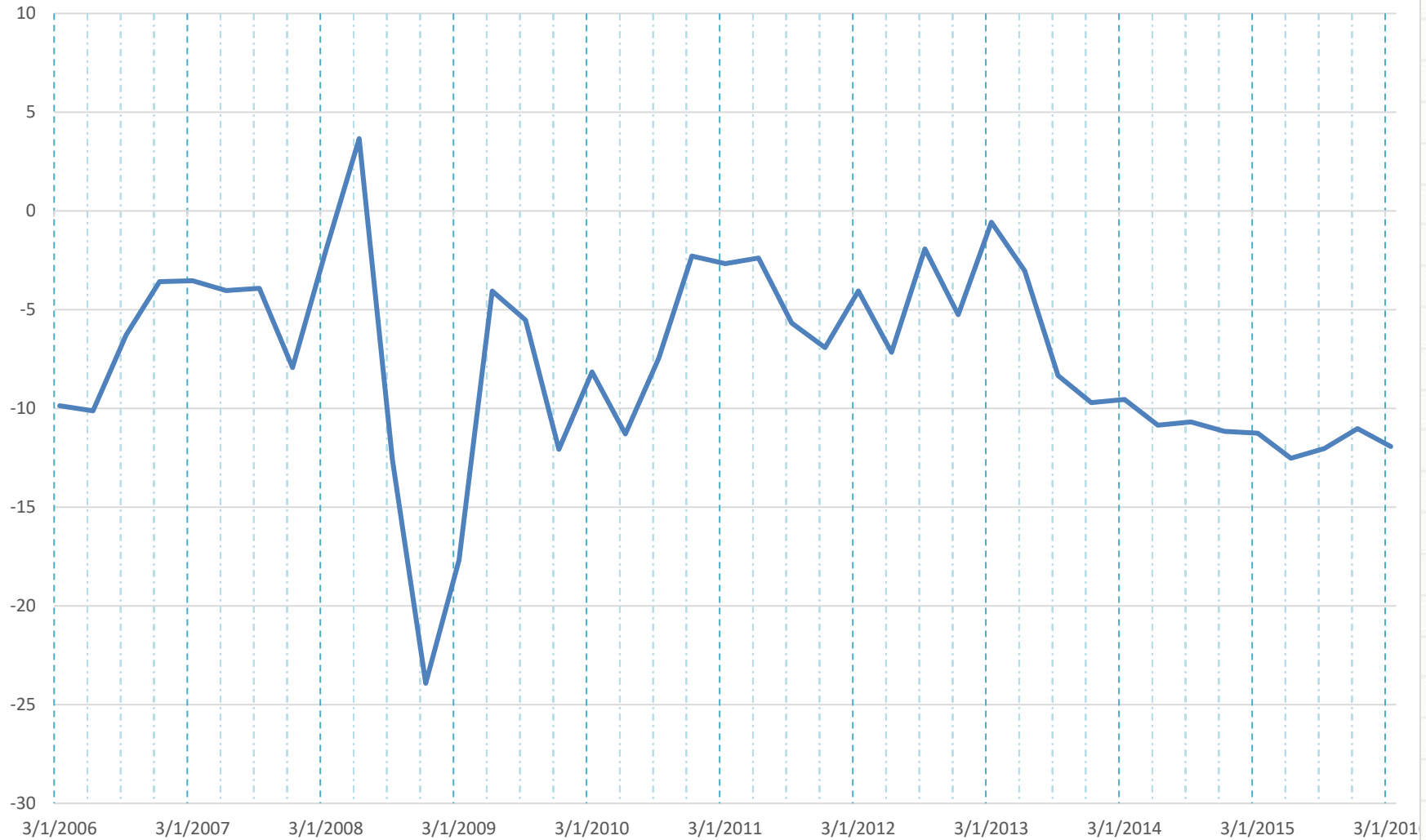
## Senior Loan - Average Discount / Premium April 1, 2006 - March 31, 2016



## Preferred - Average Discount / Premium April 1, 2006 - March 31, 2016



## US REIT - Average Discount / Premium April 1, 2006 - March 31, 2016



## Covered Call - Average Discount / Premium April 1, 2006 - March 31, 2016

