



QUARTERLY CLOSED-END FUND REVIEW & OUTLOOK

**1st Quarter 2012 Review &
2nd Quarter 2012 Outlook**

Intermediate/Advanced CEF Skill Level

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Current Closed-End Fund Options & Assets

1Q 2012 Ended with **626*** *US listed Closed-End Funds*

- 48 *(-4)* US Equity Funds
 - 106 Specialty Equity Funds
 - 65 Non US Equity Funds
- 219 Total Equity Funds**
- 153 Taxable Bond Funds
 - 104 *(-1)* National Municipal Bond
 - 150 State Specific Municipal Bond
- 407 Total Bond Funds**

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

Millions of dollars

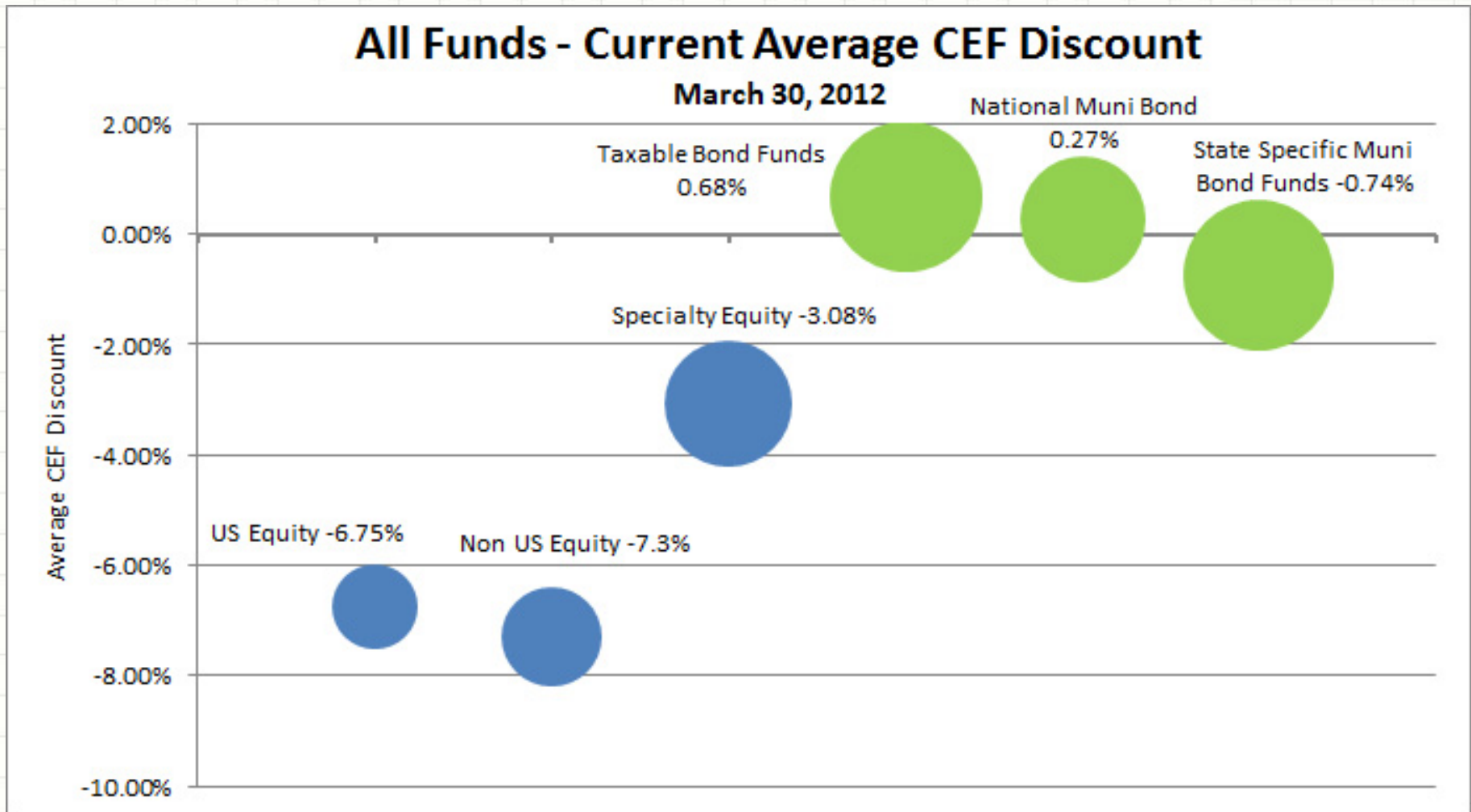
	4Q 2011	3Q 2011	2010	2009
Total Equity	93,763	93,311	95,084	85,985
Domestic	60,230	59,227	58,844	51,489
Global	33,533	34,085	36,239	34,496
Total Bond	145,035	143,129	139,039	133,735
Domestic Taxable	46,597	47,713	47,230	42,388
Domestic Municipal	84,006	80,991	76,844	77,687
Global	14,433	14,425	14,965	13,660
All	238,798	236,440	234,122	219,719

Source: ICI

Source: CEFA's CEF Universe Report 03/30/12 (cef universe.com)



Closed-End Current Discounts

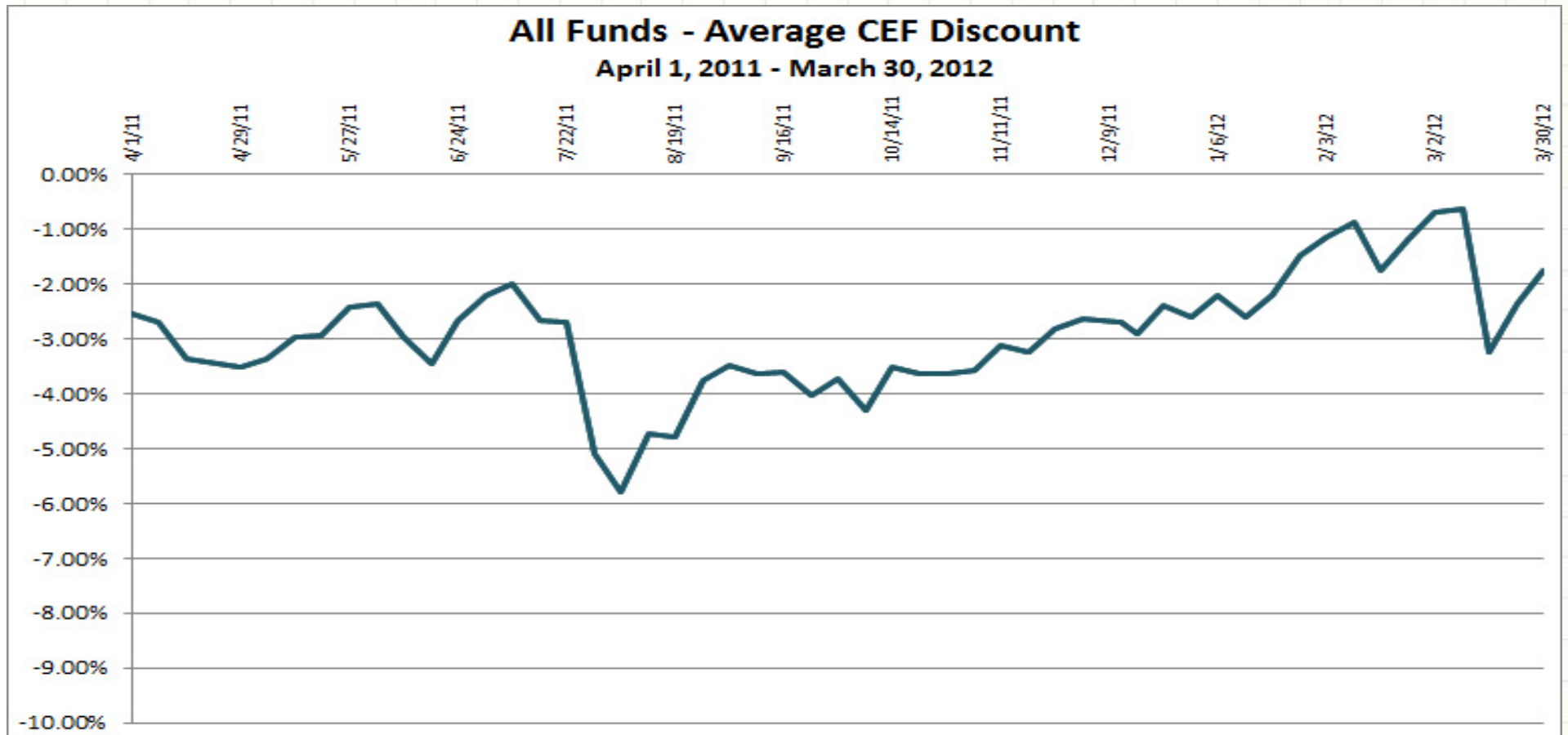


Source: CEFA's Closed-End Fund Universe (www.cef universe.com)



Closed-End Discount Trends

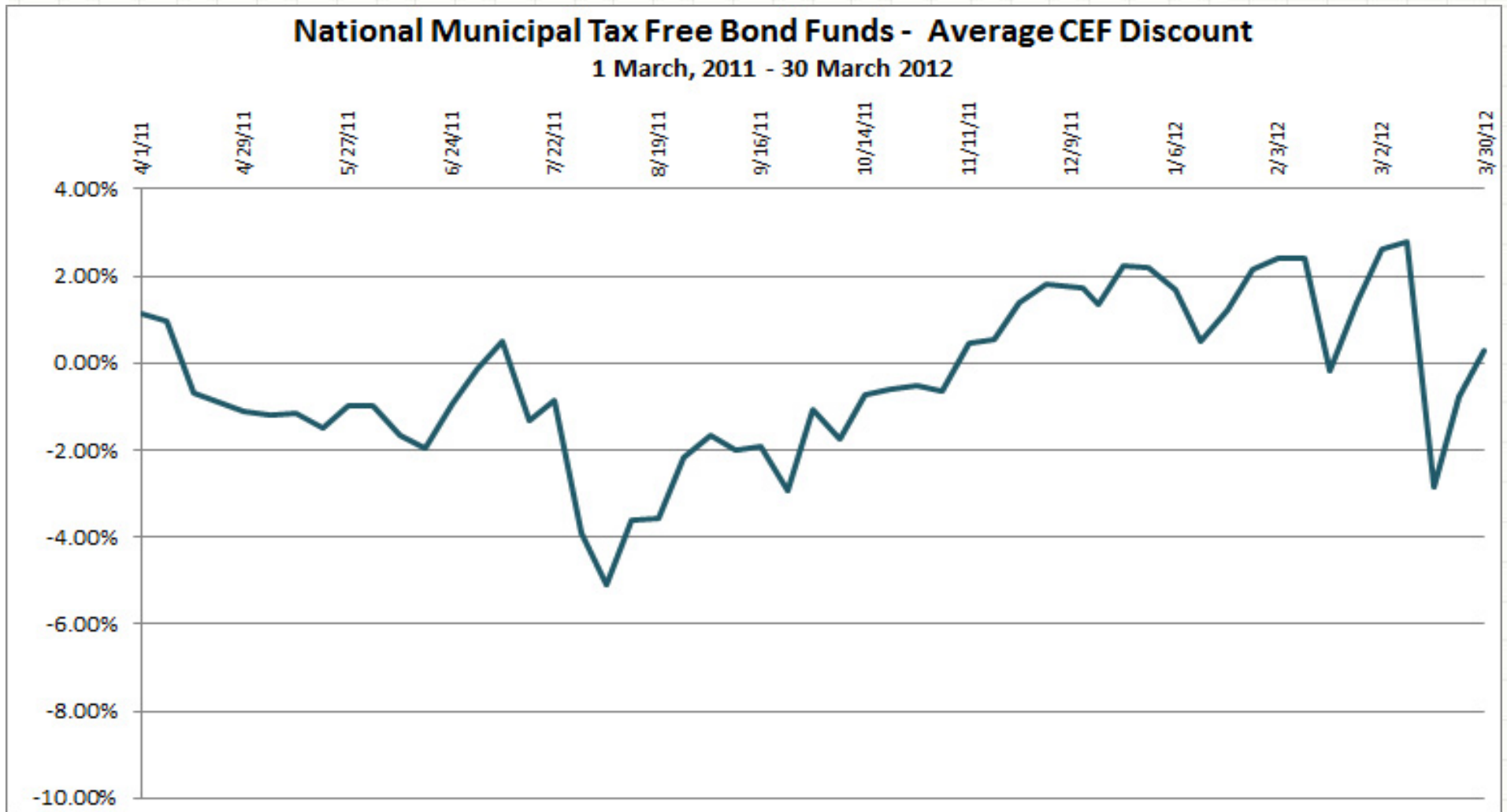
1Q 2012 Ended with *an average CEF Discount of -1.76%*



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



Muni Bond Funds Discount Trend



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



1Q 2012 Closed-End Fund Discounts

CEF Group	Year-End Discount	1Q Ending Discount
US Equity Funds	-9.78%	-6.75%
Specialty Equity Funds	-6.24%	-5.14%
International / Non US Equity Funds	-10.07%	-7.30%
Average Equity Closed-End Fund	-8.19%	-5.14%
Taxable Bond Funds	-0.72%	+0.68%
National Municipal Bond Funds	+2.18%	+0.27%
State Specific Municipal Bond Funds	+0.48%	-0.74%
Average Bond Closed-End Fund	+0.47%	+0.64%
Average Closed-End Fund	-2.59%	-1.76%

Source: CEFA's CEF Universe Report 03/30/12 (cefuniverse.com)



1Q 2012 Closed-End Fund Yields

CEF Group	Income Only Yield	Total Dist. Yield
US Equity Funds	3.5%	7.1%
Specialty Equity Funds	3.2%	7.4%
International / Non US Equity Funds	2.8%	6.1%
Average Equity Closed-End Fund	3.2%	7.0%
Taxable Bond Funds	6.9%	7.5%
National Municipal Bond Funds	6.1%	6.1%
State Specific Municipal Bond Funds	5.6%	5.7%
Average Bond Closed-End Fund	6.3%	6.5%
Average Closed-End Fund	5.2%	6.7%

Source: CEFA's CEF Universe Report 03/30/12 (cefuniverse.com)



1Q 2012 Closed-End Fund Dividend Increases vs. Decreases

Dividend Announcement	Number of Announcements	Average Percentage Change
Dividend Maintains	1037 (89.8%)	N/A
Dividend Increases	57 (4.9%)	+4.95%
Dividend Decreases	61 (5.3%)	-7.19%
Under 5% Increase	44 (77.2%)	+2.19%
5% - 10% Increase	8 (14%)	+6.18%
10%+ Increase	5 (8.8%)	+27.3%
Under 5% Decrease	30 (49.2%)	-2.53%
5% - 10% Decrease	16 (26.2%)	-6.67%
10%+ Decrease	15 (24.6%)	-17.05%

Source: Fund Press Releases



Closed-End Fund Year-End Return of Capital & Relative UNII

CEF Group	2011 YE Ave % Div ROC	1Q 2012 % Dividend ROC	2011 YE Ave % Rel UNII	1Q 2012 Ave % Rel UNII
US Equity Funds	25.3%	28.1%	Not Informative	Not Informative
Specialty Equity Funds	34%	37.1%	Not Informative	Not Informative
Non US Equity Funds	6.3%	8.9%	Not Informative	Not Informative
Average Equity Closed-End Fund	23.7%	26.6%	Not Informative	Not Informative
Taxable Bond Funds	6%	4.9%	-13.4%	1.6%
National Municipal Bond Funds	0%	0%	19.8%	22.5%
State Specific Municipal Bond Funds	0%	0.1%	18.7%	17.4%
Average Bond Closed-End Fund	2.3%	1.8%	7.0%	12.8%
Average Closed-End Fund	9.8%	10.4%	Not Informative	Not Informative

Source: CEFAs CEF Universe Report 3/30/12 (cefuniverse.com)



1Q 2012 Closed-End Fund Total Return Performance

CEF Group	Net Asset Value (NAV)	Market Price
US Equity Funds	+10.1%	+14.4%
Specialty Equity Funds	+7.3%	+11.0%
International / Non US Equity Funds	+12.0%	+15.2%
Average Equity Closed-End Fund	+9.3%	+13.0%
Taxable Bond Funds	+6.4%	+8.1%
National Municipal Bond Funds	+4.8%	+2.7%
State Specific Municipal Bond Funds	+4.0%	+2.9%
Average Bond Closed-End Fund	+5.1%	+4.8%
Average Closed-End Fund	+6.6%	+7.7%

Source: CEFA's CEF Universe Report 03/30/12 (cefuniverse.com)



Closed-End Fund Activist Update

Month Filed	Filing	Closed-End Fund	Investor	Notes
March	13D/A	American Strategic Inc III (CSP)	Bulldog	8.42% (increase)
March	13D/A	Diamond Hill Financial Trends	Bulldog	17.93% (increase)
March	13G	Global Income Fund (GIF)	Financial & Investment Management Grp	15.59% (increase)
March		Malaysia Fund (MF)	City of London	Inv Adv Proposal vs. Liquidation
March		Morgan Stanley Eastern Europe Fund (RNE)	City of London	Inv. Adv Proposal
March	13G/A	MS China A Share (CAF)	City of London	4.4% (decrease)
March	13G	Thai Capital Fund (TF)	Bulldog	11.54% (increase)
March		Thai Fund (TTF)	City of London	Inv Adv Proposal
March	13G/A	West. Asset Var Rate Strat (GFY)	SIT Investment Assoc	14.71% (decrease)

Source: Altman Group Activist Report: Jan-March 2012 – www.cefinsight.com



Closed-End Fund Activist Update

Continued (only 13Ds)

Month Filed	Filing	Closed-End Fund	Investor	Notes
Feb	13D	American Strat Inc III (CSP)	Bulldog	6.8% (new)
Feb	13D	Dmnd Hill Fincl Trends (DHFT)	Bulldog	16.84% (increase)
Feb	13D	Foxby Corp (FXX)	Investment Partners Asset Mgmt	4.66% (decrease)
Feb	13D	MS Eastern Europe Fund (RNE)	City of London	36.2% (increase)
Feb	13D	Pimco Inc Strategy Fund (PFL)	Brigade Lev Capital	32.8 (same)
Feb	13D	Pimco Income Strat II	Brigade Lev Capital	25.1 (same)
Feb	13D	Thai Fund (TTF)	City of London	36.9% (increase)

Source: Altman Group Activist Report: Jan-March 2012 – www.cefinsight.com



Closed-End Fund Deaths

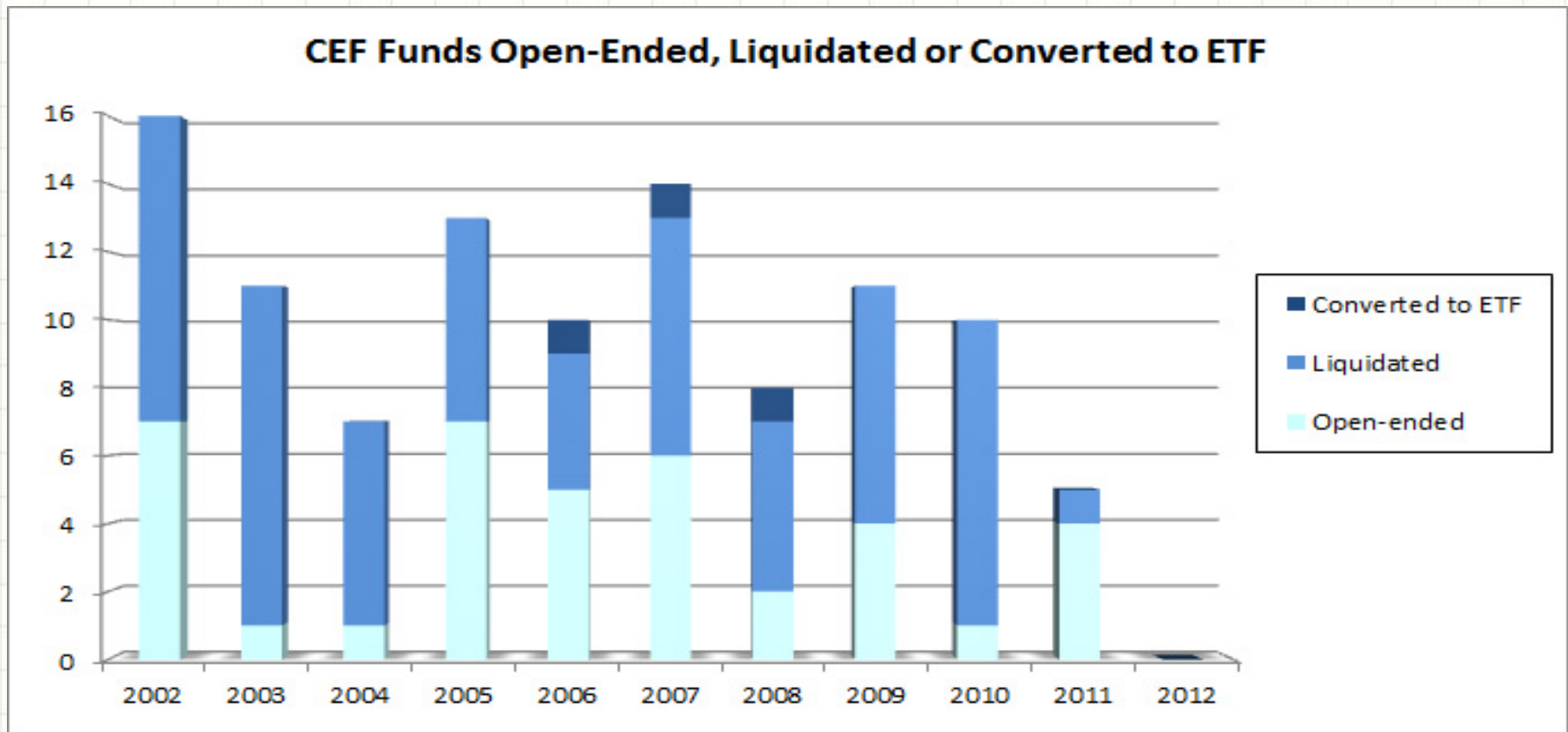
Period	Average Number of Funds
2012 YTD	0
2011	5 funds
2008-2011	8.5 per year
2004-2007	11 per year
2000-2003	12.5 per year
1995 – 1999	11.6 per year
1990 - 1994	4.2 per year
1990 - 2011	8.7 per year

Causes: Open-ending, liquidation & conversion

Source: Fund Press Releases



Closed-End Fund Deaths



Causes: Open-ending, liquidation & conversion

Source: Fund Press Releases

Source: Fund Press Releases



Closed-End Fund Mergers

Period	Average Number of Funds	Sectors Involved
2012 YTD	7	REIT, Equity Dividend, MLP, Mortgage Bond, CA Muni
2011	5 funds	
2008-2011	7.3 per year	
2004-2007	8.5 per year	
2000-2003	11.3 per year	
1995 – 1999	5.6 per year	
1995-2011	8.0 per year	

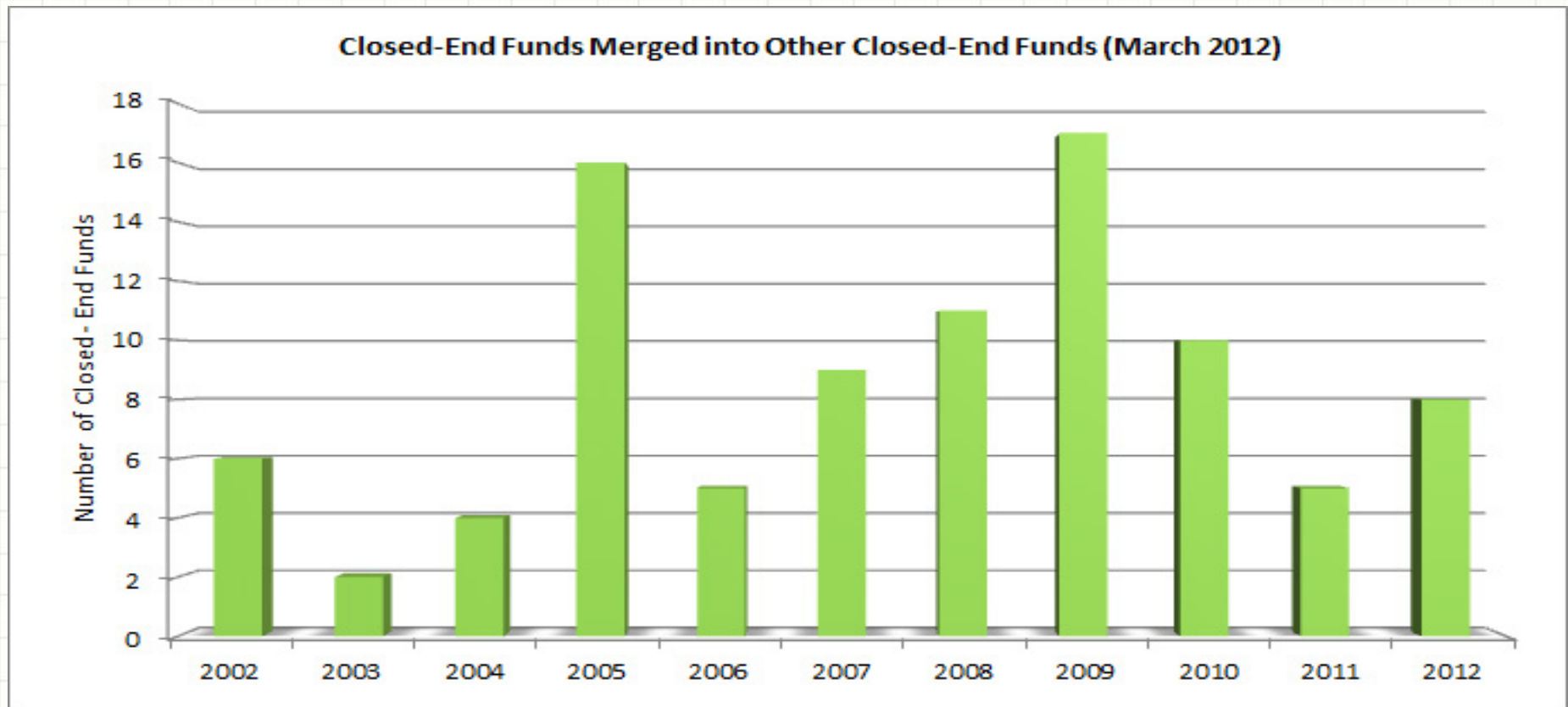
Source: Fund Press Releases, Herzfeld Research

Reasons to Merge:

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



Closed-End Fund Mergers



Source: Fund Press Releases, Herzfeld Research

Closed-End Fund Historical IPOs

	2012 YTD	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Number of IPOs	3	19	17	13	2	40	21	47	50	48	77
Average Assets In \$ millions	\$250	\$316	\$451	\$200	\$131	\$690	\$506	\$452	\$462	\$591	\$209
Total New CEF IPO Assets in \$ Billions	\$.75	\$6.0	\$7.7	\$2.6	\$0.3	\$27.6	\$10.6	\$21.2	\$23.1	\$28.4	\$16.1

10 Year Average: 33.4 Funds per year, \$401M Ave Fund, \$14.4 Billion Per Year



2011 Closed-End Fund IPO's

19 funds* raised **\$6.002 billion** in new closed-end fund assets
 The Average CEF IPO was: **\$315.8 million**

Date	Ticker	Name	Investment Objective	Size	2011 Mkt Perf
1/20/11	OXLC	Oxford Lane Capital Corp	Senior Loan	\$36.5M	-24.0%
1/26/11	ACP	Avenue Income Credit Strategy	Senior Loan	\$135M	-15.7%
1/26/11	BGX	Blackstone/GSO LS Credit Inc.	Senior Loan	\$250M	-8.5%
1/31/11	GNT	GAMCO Nat. Res. Gold & Income	US Equity-Covered Call / Commodity	\$370M	-25.0%
2/23/11	JMF	Nuveen Energy MLP Total Return	US Equity-Master Limited Partnerships	\$443M	-7.7%
2/24/11	AFT	Apollo Senior Floating Rate Fund	Senior Loan	\$300M	-15.1%
3/28/11	BCX	BlackRock Resources & Commodities	US Equity Commodity	\$875M	-27.7%
4/26/11	IHD	ING Emg Mkts High Dividend Equity	Emerging Markets Equity	\$385M	-27.2%
5/25/11	HEQ	JH Hedged Equity & Income Fund	US Equity-Covered Call	\$280M	-22.4%
5/25/11	SMF	Salient MLP & Energy Infrastructure	US Equity-Master Limited Partnerships	\$140M	-1.9%
5/26/11	JSD	Nuveen Short Duration Credit Opps	Senior Loans	\$200M	-8.5%
6/13/11	EMO	ClearBridge Energy MLP Opps	US Equity-Master Limited Partnerships	\$540M	-0.9%
7/29/11	DPG	Duff & Phelps Global Utility Fund	Global Equity-Utilities	\$735M	-4.7%
8/26/11	INF	Brookfield Global Infrastructure Income	Global-Infrastructure	\$155M	-8.8%
9/27/11	FIF	First Trust Energy Infrastructure Fund	US Equity-Master Limited Partnerships	\$345M	+3.5%
10/27/11	GEQ	Guggenheim EW Enhanced Equity	US Equity-Covered Call	\$175M	-10.8%
10/27/11	TTP	Tortoise Pipeline & Energy	US Equity-Master Limited Partnerships	\$250M	-4.2%
11/23/11	BUI	BlackRock Utility & Infrastructure	Utility-Covered Call	\$310M	-0.3%
12/12/11	KIPO	Keating Capital Pre-IPO Fund*	Venture Capital / Private Equity	\$77M	-12.9%

Sources: CEF Association (cefa.com), yahoo finance, Telemet Data

www.CEFadvisors.com

19



2012 IPO YTD Details

DoubleLine Opportunistic Credit Fund (DBL) IOPed on January 26, 2012

IPO Price: \$25.00

IPO Assets: \$326.5M

March 30 Price: \$25.61

Inception TR + 3.8%

Disc/Prm: +6.9%

Virtus Global Multisector Income Fund (VGI) IPOed on February 24, 2012

IPO Price \$20.00

IPO Assets: \$215M

March 30 Price: \$20.05

Inception TR +0.25%

Disc/Prm: +5.6%

Cushing Royalty & Income Fund (SRF) IPOed on February 24, 2012

IPO Price: \$25.00

IPO Assets: \$207.5M

March 30 Price: \$24.54

Inception TR -1.8%

Disc/Prm: +4.0%

Average: \$250M In Size, TR of +0.75% and Disc/Prm: +5.5%



Closed-End Fund Advisors

CEF IPO Guidelines

- Is the strategy unique?
- What is the manager's record on other funds?
- What are peer funds discount / premium levels?
- How will the fund avoid deep discounts?
- What are your thoughts on the investment objectives & near term NAV performance?
- Is the income expected to be above peer averages? ... Why?
- Why will the fund trade at a 1%-5%+ Premium in the first few days of trading?
- *Why not wait for the green shoe to expire?*



CEFA's Outlook for 2Q 2012

- Bond Funds vs. Equity Funds – Duration & Leverage
- Cautious of Muni Bonds... *Why do you own them?*
- We like Senior loan funds, emerging market debt, US Equity, Intl Equity.
- MLP Funds have been great, but not nearly as much upside as we experienced August – 1Q12.
- Watch UNII balance & ROC %'s
- Sustainable Dividends
- NAV Performance vs Peers
- Relative Discount and Z-Stat





QUESTIONS?

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