The Scott Letter: *Closed-End Fund Report©*

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The Scott Letter Online is intended to educate closed-end fund investors. What are closed-end funds? Closed-end funds are a valuable and profitable tool for many of our clients and colleagues. Please feel free to forward this newsletter to a friend or financial advisor who you believe could benefit from information on closed-end funds or global investing. Please call (800) 356-3508 or email: cefa@CEFAdvisors.com to learn about or get started with one of our managed portfolios. For more information on closed-end funds, please visit the Investor Resources section on our website. You can also find valuable information regarding CEFs at The Closed-End Fund Association's website: (closed-endfunds.com) or Capital Link's website (Closed-End Fund Forum) As always, we encourage feedback from our readers so we can continue to serve you better. CEFA brochures and performance data is available upon request. We are currently developing our website to better serve our investment clients and brokers, please excuse the lack of recent updates.

Back issues of ***The Scott Letter Online*** are available on our website. They include many of our manager interviews, which are the primary way we decide which investments are prudent for our clients. They include the following interviews: Adams Express (2), General American Investors, Ellsworth & Bancroft Convertible Funds (2), The Royce Funds, The Templeton Funds (3), Renaissance Capital, Tri-Continental Corp, Allied Capital, Pan Pacific Realty, Central European Equity Fund, The Asia Pacific Fund (2), H & Q Healthcare Investors and Latin America Equity & Brazilian Equity Fund.

Included in this issue of ***The Scott Letter***

This issue of *The Scott Letter* reports on some of our largest holdings. Future issues will continue our commitment to feature interviews with the managers of some of the funds we invest in, depending on the firm's annual focus.

Closed-End Fund Advisors is focused this year on foreign closed-end funds, with a special emphasis on Latin America. The markets in Brazil and Mexico have been generating our highest returns. Some of the other funds where we invest are in the stock markets of Eastern Europe and Russia. These markets have been accelerating lately, because their stocks are still cheap and, in Russia, growth is powered by high oil prices.

A new feature of this issue is a report on how we manage our clients' money, which will be updated periodically.

The Expansion of the European Union

The E.U. enlargement on May 1 was "one of the most tantalizing economic events of all time". Yet, it is striking how few institutional managers, even in Europe, think this is important," says David Bowers, Merrill Lynch's London-based chief global investment strategist. US investors hunting for long-term investment opportunities have looked toward Asia. Meanwhile, central and eastern Europe have long been off the radar–until now.

Emerging Europe stock mutual funds have seen large inflows this year as eastern European labor markets are much cheaper, and the outsourcing boom is expected to expand from Europe into these white collar markets. A secretary in the Netherlands is paid nearly $30 an hour, whereas in Poland the rate is about $3.00. Therefore, the emerging Europe economies merit consideration for a place in US investors' portfolios for the long-term diversification opportunities they provide.

Central and eastern Europe are one of the few parts of the globe that are somewhat impervious to shocks from the two giant world economies - the US and China. Another benefit China and many Asian nations cannot provide is a highly developed institutional framework available in Eastern Europe.

Few funds invest in eastern European stocks directly. **The Central European and Russia Equity Fund** (CEE-NYSE) and **The Morgan Stanley Eastern Europe Fund** (RNE-NYSE) are two closed-end funds with exposure to the region.

The Central European and Russia Equity Fund reported for the six months ended April 30, 2004 that its total return based on net asset value rose 16.7% compared to the Fund's benchmark return of 15.8% in US dollar terms. The region continues to outperform developed markets as the US S&P 500 Index rose 5.39% and the Morgan Stanley Capital International (MCI) Europe Index rose 11.1%.

We plan to interview the managers of The Central European Equity Fund for the September ***Scott Letter Online.***

Focus on Latin America:

Brazil Looking Up

Sustained Recovery Looms

The stock markets in Latin America are usually the last place where companies go when thy need capital; however, three public offerings took place there in May and June–all three in Brazil. Not a single IPO came to market in Latin America last year. This suggests that something is up, as Brazilian President Luiz Ignacio da Silva is presiding over an economy that is now on a path to a solid recovery.

In the first quarter of 2004, real gross domestic product rose at a quarterly rate of 1.6%, meaning that the economy may be well on its way to beat the government target of 3.5% for all of 2004. If this assessment is correct, the currency should stabilize, interest rates fall and the stock markets in the region become less volatile. In fact, Brazil's interest rates are on the way down. The bank rate is now at 16 per cent and is expected to decline further later this year.

Interest rates in Brazil have been kept high for the past ten years to protect the currency and ward-off inflation. The base rate reached 45 per cent in March 1999; it was 26.5 per cent at the beginning of 2003. This made for low risk returns as the government's enormous appetite for debt has made other investment options difficult to come by. Companies with access to the international markets have been more willing to borrow rather than issue shares. The banks convinced the companies to sell new issues of shares at low prices. This explains why so many issues trade at multiples far below those of developed markets. However, many of these factors are now changing.

"It's no longer so easy to make money on fixed income", says Name Nenets, head of institutional sales at Banif Investment Banking in Sao Paulo. "As rates come down, anyone wanting high returns will have to accept more risk."

The three Brazilian new issues this year all have strong growth stories, ranging from 22.5 per cent to 35 per cent annual growth rates. Meanwhile, investors have jumped at the chance to buy into Brazil's consumer market for diversification, whereas many of the stocks that dominate the Sao Paulo index are in regulated sectors such as telecommunications and electricity. Strong demand for the new issues remains, many of which have been oversubscribed in the retail and institutional markets. We have learned that stricter adherence to higher standards of corporate governance also exists, offering more voting and other rights to minority shareholders, which we applaud.

For Brazil's revitalized capital markets, this could not come at a better time. Investment and savings rates, though low, are recovering. Sao Paulo's Ibovespa index is outperforming many of the world's markets lately showing Brazil could at last transform itself into an engine of economic growth.

The volatile stock exchange in Brazil was one of the worst performers in 2002, losing 45.5% in dollar terms; in 2003, it was one of the best, rising 97%. Recently it has showed strength suggesting that this may be a good time to get in now that they are over the rising US interest rate shocks. Companies in this region need to keep in mind that foreign investors, with deep pockets, demand that managements act in the interest of all shareholders, not merely those of the controlling families. Corporate governance issues must be clear so foreigners won't have to think twice about investing there.

Mexico's Recovery Driven by Oil

Economists in Mexico, the other large market in Latin America, have been revising upwards their estimates as the economy is rebounding faster than expected, buoyed by the high oil prices (over $48 a barrel on August 20) and by the recovery in the US, stimulating exports. Oil exports by Pemex, the national oil monopoly, recently reached $6.2 billion, an increase of 10.6% over the same period last year. The state oil monopoly, however, must still handover nearly all the profits to the Treasury instead of investing in oil production.

Meanwhile, gross domestic product of the $600 billion economy grew at an annualized rate of 3.7% during the first quarter - well ahead of estimates. This is the best performance since the final quarter of 2000, following three years during which annual growth averaged 0.69% and far stronger than the last time the region was hit by rising international rates.

Industrial production rebounded a strong 6.4% over this year to March. These numbers helped the peso recover slightly against the dollar leading to falling interest rates. Growth this year is expected to be 4.2% on the basis of the strong growth in the first quarter. In a surprise move, the central bank recently raised local rates, strengthening the peso, which is seen as a move to offset investors pulling their funds out of Mexico. (*Source: The Wall Street Journal*)

Clients of **Closed-End Fund Advisors** hold shares of the two Latin American funds, The Latin America Equity Fund (LAQ-NYSE) and The Latin America Discovery Fund (LDF-NYSE). In Brazil, we hold positions in The Brazil Equity Fund (BZL-NYSE) and The Brazil Fund (BZF-NYSE). The writer holds shares in The Latin American Discovery Fund and The Brazil Equity Fund.

Templeton Global Income Fund
Semi-Annual Report

Templeton Global Income Fund (GIM-NYSE) seeks high current income, with a secondary goal of capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in income-producing securities, including debt securities of U.S. and foreign issuers and the emerging markets.

Performance Overview:

For the six months ended February 29, 2004, Templeton Global Income Fund delivered a 16.40% cumulative total return based on market price and 13.76% based on net asset value. In comparison, the J.P. Morgan Global Government Bond Index posted a 3.02% cumulative total return in local currency terms and an 11.57% cumulative total return in U.S. dollar terms for the same period.

Economic and Market Overview:

During the period under review, global economic growth accelerated, led by the U.S. and Asia. Global inflationary trends continued, however, as excess capacity in the largest global economies kept inflationary pressures tempered. This low inflationary growth environment allowed most central banks to maintain an accommodative monetary policy, particularly in the U.S. and Europe. As such, many global bond markets enjoyed positive local market returns. In addition to local market returns, the continued appreciation of many major currencies against the U.S. dollar further contributed to global market returns.

Despite solid growth in the U.S., core inflationary pressure continued a downward trend, reaching the lowest levels since the 1960s. For most businesses, strong cyclical productivity gains from stronger growth and lower unit labor costs supported the benign inflationary environment.

Economic growth remained lackluster in the European Monetary Union (EMU), rising only 0.6% in 2003's fourth quarter. Despite a significant rebound in business confidence indicators, domestic demand remained weak across the EMU, threatening to hinder border economic recovery. Slow economic growth, along with a strong euro, moderated EMU inflationary trends.

Short term interest rates in other European economies continued to converge towards toward EMU rates; for example, Scandinavian central banks employed aggressive monetary easing to stimulate economic growth amid declining inflation. Norway and Sweden, however, maintained strong balance of payment positions, ending 2003 with current account surpluses of 13% and 7% of gross domestic product (GDP) compared to a current account deficit of approximately 5% in the U.S. and a surplus of 1% in the EMU.

Asia’s regional growth cycle continued to improve, led by China’s nearly 10% annualized growth in the fourth quarter 2003. Additionally, export growth and current account surpluses in many Asian countries supported international reserve accumulation, particularly in Japan and among newly industrialized economies of South Korea, Thailand and Indonesia. Economic trends supported currencies in the region, and hence their bond market returns.

Emerging market fundamentals remained favorable highlighted by this year’s large number of sovereign credit upgrades. For example, after only five years since the Russian economic crisis, independent credit agency Moody’s Investors Service upgraded Russia’s long-term foreign currency rating to investment grade to Baa3 from Ba2. In Asia, Standard & Poor’s (S&P), another independent credit rating agency, upgraded Indonesia’s foreign sovereign credit rating to B and the local currency to B+. Likewise, Thailand received its first sovereign credit rating upgrade from S&P since 1998, from A- to A for the local currency rating.

Overall, the main contributors to Fund performance were income, developed market interest rate movements, currency returns and emerging market bonds. During the period under review, the Fund benefited from its exposure to Swedish and Norwegian bonds as their central banks continued to ease monetary policy.

The U.S. dollar's depreciation against most major currencies positively impacted Fund performance. Throughout the reporting period, the euro appreciated 13.17% against the U.S. dollar, with EMU bond markets returning 16.78% in U.S. dollar terms for the six months ended February 29, 2004. The currency appreciation, combined with local market returns to produce strong bond market returns.

Consequently, we reallocated some of its exposure away from the EMU and into Asia seeking to position the Fund for potential global economic recovery as well as to take advantage of the discrepancy between currency performance and macroeconomic trends.

The Australian and New Zealand dollars were once again top-performing developed country currencies, returning 19.20% and 18.78% against the U.S. dollar during the period, bringing bond returns in U.S. dollar terms to 21.58% and 22.49%. Our over weighted positions in the two countries contributed to the Fund's strong performance during the period.

The Fund also invested in emerging market sovereign debt that is typically non-investment grade and compensated for greater credit risk by offering higher income or coupon. Reduced interest rates in developed economies generally benefit emerging market borrowers through lower borrowing costs and positive investment flows from investors seeking higher returns outside developed countries. Regionally, Latin American sovereign debt returned 10.24%, Eastern Europe 10.03% and Asia 4.66%.

Primarily, we expanded and diversified the Fund's Asia exposure later in the reporting period to include South Korea, Thailand and Indonesia. Asia's regional cyclical recovery supported growth rates while current account surpluses from competitive trade conditions contributed to international reserve accumulation. This resulted in stronger balance of payment conditions and better debt repayment capacity.

At the end of the reporting period, based on internal analysis, 80.6% of the Fund's holdings were investment grade, and the average credit rating of Fund holdings was AA.

The largest country exposure at the end of the reporting period, February 29,2004 was Sweden, 9.1%, New Zealand, 8.0%, South Korea, 7.6%, France, 6.9%, Australia, 6.3%, Indonesia, 5.3%, Austria, 4.4%, Thailand, 4.3%, Finland, 4.3%, and Germany, 3.5%. This group of sovereign government bonds comprised most of the net assets in the $1.16bn portfolio. The net expense ratio as of 2/29/2004 was 0.72% and portfolio turnover was 21.41%.

GIM currently pays an annual dividend of $0.48 per year, payable at the end of each month. The annual yield is just under 6.0%. The Fund offers a Dividend Reinvestment and Cash Purchase Plan whereby stock dividends and capital gains distributions will be invested automatically through Mellon Investor Services.

This report was prepared from the Semiannual Report. Shareholder Information about Franklin Templeton Investments is available at 1-800-342-5236 or visit www.franklintempleton.com.

Clients of **Closed-End Fund Advisors**, including the writer, hold shares of Templeton Global Income Fund. Franklin Templeton also has another bond fund, The Templeton Emerging Markets Income Fund (TEI-NYSE), which yields near 8.0%, payable quarterly.

The US Markets

Allied Capital Reports Strong Financial Results

For the second quarter ended June 30, 2004, net investment income for Allied Capital (ALD-NYSE), a business development company organized as a closed-end fund. ALD is the largest and oldest BDC. Earnings were $95.3 million or $0.73 per share up from $59.9 million or $0.52 per share last year. For the six months ended June 30, 2004, net investment income was $93.5 million or $0.71 per share, as compared to $87.3 million or 0.78 per share for the six months ended June 30, 2003. Net realized gains were $174.5 million or $1.33 per share for the six months ended June 30, 2004 versus net realized gains of $56.9 million or $0.51 per share for the six months ended June 30, 2003.

Net income for the six months ended June 30, 2004, was $115.7 million or $0.88 per share, after net realized depreciation of $152.3 million or $1.16 per share. Net income for the six months ending June 30, 2003, was $79.8 million or $0.71 per share, after net unrealized depreciation of $64.3 million or $0.57 per share. The company increased its line of credit and repaid long-term debt.

The company declared its 164th regular quarterly dividend of $0.57 per share payable on September 30, 2004, record date September 10, 2004. With the improved earnings, we hope ALD will increase its annual dividend.

Headquartered in Washington, D.C., Allied Capital is the nation's largest business development company and is structured as a closed-end fund. The company provides long-term debt and equity investment capital to companies in a variety of industries. It also participates in the real estate capital markets as an investor in non-real estate grade commercial mortgage-backed securities and collateralized debt obligation bonds and preferred shares.

For more information, please visit the website at www.alliedcapital.com or call Allied Capital Investor Relations toll-free at (888) 818-5298.

Congress passed legislation authorizing business development companies in 1980 in order to facilitate public investment in the private sector. These companies pay no taxes, as long as they pay out at least 90% of their income to investors. Other BDCs have been public for years such as Gladstone Capital and American Capital Strategies. The older ones have been able to pay out unusually high dividends making them attractive to investors seeking income. Allied Capital currently yields more than 9%; American Capital, around 10%; Gladstone, just shy of 7%.

ALD is one of the largest holdings for clients of **Closed-End Fund Advisors**; the writer holds shares.

Cohen & Steers Total Return Realty Fund

Cohen & Steers Total Return Realty Fund (RFI-NYSE) is a closed-end management investment company, which seeks to provide high total return, placing dual emphasis on current income and capital appreciation. The Fund will invest at least 75% of its assets in equity-related securities of real estate companies, including shares of REITs. RFI is the only closed-end fund Cohen & Steers manages that is not leveraged, attracting us to it in a rising interest rate environment.

The Fund may invest up to 25% of its assets in investment grade debt securities issued or guaranteed by real estate companies. Founded by Martin Cohen and Robert Steers in 1993, the Fund had total net assets of approximately $157.15M as of 12-31-03.

The expense ratio was 0.95% and portfolio turnover was 22%. As of 7/29/04, the 52-week total return was +21.23% on its net asset value and +17.28% on market price. Top sectors are Office, 24%, Apartment, 19%, Healthcare, 11%, Regional Mall, 10% and Diversified, 10% with no more than 5% in any one investment. Distributions are paid monthly at an annual rate of approximately 6%. More information is available at www.cohenandsteers.com or 1-212-832-3232.

We have been purchasing shares of RFI in July and August for clients of **Closed-End Fund Advisors.** The writer's family own shares.

H&Q Health Care Investors Declares Dividend

H&Q Healthcare Investors (HQH-NYSE) declared a stock dividend of $0.3809 per share. The record date for the stock dividend was August 20, 2004, and the payable date is September 28, 2004. HQH traded ex-dividend on August 18, 2004. The stock distribution will automatically be paid in newly issued shares unless otherwise instructed by the shareholder (or his investment advisor). The shares will be valued at the lower of the net asset value or market price on the pricing date, September 17, 2004.

Since the Fund's inception on May 1, 1987, its net asset value per share has ranged from a high of $53.69 to a low of $6.16 (unadjusted for capital gains of $30.24). The market price per share has ranged from a high of $40.00 to a low of $4.375. The stock price to net asset value premium has been as high as 21.5% and the discount as wide as 30%. On August 20, 2004, the net asset value of HQH was $17.80, the closing price of the shares was $16.81 for a discount of -5.56%.

H&Q Healthcare Investors is a closed-end fund that invests in public and private companies in the life sciences industries. Hambrecht and Quist Capital Management LLC, based in Boston, serves as Investment Advisor to the Fund and to H&Q Life Science Investors (HQL-NYSE).

More information is available at www.HQCM.com or 1-617-772-8500.

We have been purchasing shares of H&Q Healthcare Investors for clients of **Closed-End Fund Advisors**. The writer owns shares of HQH.

Managed Distribution Policies of Closed-End Funds

A closed-end equity fund may make distributions of investment income (dividends and income received and net short-term capital gains) and net long-term capital gains in order to qualify for favorable tax treatment under the Internal Revenue Service code. What are the pros and cons of such policies?

Many funds that have adopted these policies have made a commitment to common shareholders to provide a predictable, but not assured, level of cash flow. This distribution typically takes the form of a regular fixed cash payment based on a percentage of the company's assets, usually on a monthly or quarterly basis. This may provide investors with a vehicle that offers participation in the potentially higher long-term total returns as well as above market level of current income. Investors may compound their total return by reinvesting distributions in additional shares of the closed-end fund.

There are advantages as well as drawbacks in managed distribution policies. The advantages offer an investor the opportunity to participate in equity returns (versus expected lower bond returns) while enjoying a consistent level of cash flow. Managed distributions also may serve to reduce the existing discount between a closed-end fund's market price and its NAV per share. A number of studies shave shown that funds with a managed distribution policy tend to trade at smaller discounts or even premiums to NAV. The policy may also serve to support a fund's price during periods when the stock market is retreating. Further, the policy provides a measurable performance target for the investment advisor to generate investment returns greater than the distribution amount.

The drawbacks include the fact that consistent cash outflows from the fund as the distributions are "lost assets" which would otherwise remain available for investment by the fund's advisor. Additionally, the fund may need to hold an above average cash position in preparation for regular cash distributions. Each of these run counter to the structural advantage of a closed-end fund, which is to retain all assets and allow a fund to remain fully invested.

A managed distribution may also create confusion regarding the true "yield" of a closed-end fund. Too often, investors, financial publications, newspapers and websites simply use a fund's distribution payment and current market price to calculate the "current yield". Investors should be wary of these incorrect "yield" calculations. A "current yield" calculation for a closed-end equity fund with a managed distribution policy is irrelevant because the fund's current price is not a factor in determining the fund's distribution–it is based on a percentage of the fund's net assets.

Investors should also be aware that distribution payments might vary during the year, sometimes with a fourth quarter equalizing distribution.

Lastly, a fund's distribution may contain a return of capital, which should not be counted a "yield". A return of capital gives the investor back their own principal and results in a reduction of capital invested in the fund. In addition, a return of capital makes record keeping more complicated since taxable investors must reduce their cost basis by that amount. A fund's expense ratio may also increase if it distributes capital thereby lowering the fund's total assets available for the expense ratio calculation.

However, despite the challenges of the extra record keeping, a distribution serves as a smoothing mechanism resulting in a more stable and consistent cash flow available to shareholders.

(This information was compiled courtesy of Gabelli Funds, LLC. More information is available at closed-end@gabelli.com or 914-921-5070).

Investment Education for Individual Investors

The American Association of Individual Investors specializes in providing investment education in the areas of investing basics, financial planning, retirement, comparing mutual funds, stock market investing, and improving your investment portfolio.

AAII is a non-profit organization that arms the individual investor with the investment education and tools needed to manage their finances effectively and profitably. More information is available at 1-800-428-2244 or www.aaii.com .We plan on featuring articles on investment education, especially on closed-end and other investment companies in future issues.

Managing A Portfolio

Many of our readers and others including stockbrokers often ask us how we manage portfolios using closed-end funds. We will try to answer some of these questions with updates in further issues. When we are given a new account, before making any trades, we first go over the investment objectives of the client in detail: their age, risk tolerance, income requirements, income tax situation and other factors which will affect how we manage their portfolios. This will help us to determine how much investment risk to take for clients and which of our categories we will use: global growth, growth and income or international opportunity. Clients who have income tax deferred portfolios such as 401ks or IRA rollovers (which many of ours do) may periodically withdraw funds, as the required by law.

The first advantage an investment advisor has for the client is that the advisor is on the same side as the client: we have no interest in turning over the account for a commission. In fact, we do everything we can to keep commissions low as possible as they lower the client's performance. By putting all of our clients on an even plane, we find we are able to do a more efficient job of managing their money.

Secondly, by following the allocation model on our website, we use this discipline to reduce risk in the portfolio by re-balancing the portfolio periodically to keep it from being over-weighted in any one segment. For instance, when the real estate sector became too large recently, we reduced it, adding the proceeds to a weaker sector, healthcare, a sector that had been lagging the other markets.

We try to keep the clients in closed-end funds, rather than in individual stocks not only because this is our expertise but also because we don't want to take the risks of an earnings disappointment so frequent with individual stocks. This is the inherent advantage of buying portfolios of closed-end funds rather than stocks: diversifying risk across different assets may avoid sudden disappointments.

We also nearly always use limit orders, which are to be executed at a specific "limit" price or better. This is especially important with closed-end funds because there is often less liquidity than in individual stocks. If you use market orders, you not only have little control over price but also may be taken for a ride by the specialist.

Closed-end fund investors should rarely buy or sell at the market, as the difference between the bid and asked prices is often large, particularly with the country funds. This can substantially alter your investment results. We try to take a longer view and patiently wait for a better price or a deeper discount before buying or a narrower discount when selling. This is especially true in the global markets, where higher daily fluctuations than in domestic markets often bring the shares to you. We always try to get a price near the low for the day on a purchase. We find that this strategy nearly always works.

When we find a fund (or a stock such as a REIT) that trades actively, we are more likely to use market orders, especially when the spreads are low. This can prevent the stock running away from you in a strong market.

We also can use a special account to get an average price, which works to the advantage of the clients when buying or selling. In this way, we can quickly enter block orders, thus capturing good prices for the clients, which we sort out at the end of the day. This is one of the many advantages of having someone manage your portfolio for you.

We also now use global bond funds to capture yield instead of low-yielding money market funds. This strategy can also be used for specific purposes, such as IRA withdrawals, needed by a client. There is some market risk in this strategy, but we only use it where we have no immediate use for the money, while clients like the extra returns.

Lately, we have been concerned with liquidity in our portfolios because of the risks of sudden changes in world events. We do not think it wise to sit on cash and are not believers in market timing, but we have recently been reducing or eliminating positions which have little liquidity and/or low average daily trading volumes in favor of those with better liquidity. Some of these funds are a good source of cash for new purchases.

Remember, when we are asked what we are doing about "The Market" as the investment world calls it, our answer is "Which market?" We are in over 40 markets as we specialize in investing around the world. John Templeton, who stressed that investing is hard work, always liked to ask why so many investors ignore 90 per cent of the stock markets around the world when studies show that global diversification actually reduces investment risk. This is because a diversity of markets often run in different economic cycles, many of which are not convergent with the U.S. markets. This is especially true in the emerging markets.

These are just some of the strategies that we use to favor our clients. More will follow. We would be happy to respond to any questions our readers have about managing a global portfolios using CEFs. Please address your e-mail to The Editor at cefa@CEFadvisors.com or telephone us at: (800) 356-3508.

Exchange Traded Funds

A final note: we are researching Exchange Traded Funds (ETFs) for our portfolios and would be delighted to try to answer any questions you have about them. Be sure and look out for our new web page as well, expected to be available in early September 2004.

"Your wealth is where your friends are." - Plautus (c.284-184 B.C.)

The editors of *The Scott Letter Online* are interested in any feedback from our readers regarding how we may improve this publication. Comments concerning topics in which you agree or disagree are also of interest to us. Your opinions are valuable and will help us to be able to serve you better. Please send your questions or comments to our email address or by regular mail prior to the next edition or *The Scott Letter Online*. We do read your letters, but we cannot guarantee they will be published in the Scott Letter.

***The Scott Letter Online* is currently available on our website (www.CEFadvisors.com), Site-By-Site's CEF website (www.site-by-site.com/usa/cef/cef.htm), Capital Link's CEF Forum (www.closedendfundforum.com) and JJJ Investing Services' website (www.jjjinvesting.com)**

Note: None of the information contained herein should be construed as an offer to buy or sell securities or as recommendations. Performance results shown should under no circumstances be construed as an indication of future performance. Data, while obtained from sources we believe is reliable, cannot be guaranteed.

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