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

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The Scott Letter Online is intended to educate global investors. [What are closed-end funds?] Closed-end funds can be a valuable and profitable investment tool. Please feel free to forward this newsletter to anyone who you believe could benefit from information on closed-end funds or global portfolios. You may also visit our website [www.CEFadvisors.com] Please call (800) 356-3508 or email: cefa@CEFadvisors.com to get started with one of our managed portfolios. We currently offer portfolios with the following objectives: 1. Global Balanced Growth 2. Global Balanced Income 3. International & REIT 4. Single Country Fund & ETF 5. Long/Short Market Neutral.

For more information on closed-end funds, please visit the [Investor Resources] section on our website, [Closed-End Fund Association] or Capital Link's [Closed-End Fund Forum].

Back issues of The Scott Letter Online are available on our website. They include interviews with Aberdeen Australia Equity Fund, Adams Express, Allied Capital, Asia Pacific Fund, Ellsworth & Bancroft Convertible Funds, Central European Equity & Russian Fund, General American Investors, H & Q Healthcare Investors, Latin America Equity & Brazilian Equity Fund, Pan Pacific Realty, Renaissance Capital, Royce Funds, Templeton Funds and Tri-Continental Corp.

What to Find in This Issue of The Scott Letter Online

Emerging Markets See Inflows
Signs of Froth Appear As Investors Trim Their Dollar-based Exposure

"Stock indexes from Brazil and Mexico to India and Indonesia have been hitting record highs lately, but the party may be getting a little too rowdy for some price-conscious investors," said The Wall Street Journal in early December.

"Foreign investors appear to be reducing exposure to dollar-based assets by shifting money into higher growth assets from developing countries, where local currencies have been appreciating against the dollar."

According to Boston-based EmergingPortfolio.com, global emerging market funds drew net inflows of $1.3 billion, while Asia ex-Japan funds alone attracted $1 billion. Global and international funds have put even more money into emerging markets weighting to 7.5% from 6% at the beginning of the year.

We have been following this trend and are also concerned about the emerging markets. As a result, we have been selling some of our shares in closed-end funds such as Templeton Emerging Markets Fund (EMF-NYSE), which has been selling at a premium to its net asset value, to reduce risk.

Emerging markets have benefited from strong economic growth and low international interest rates this year, enabling their companies to more easily finance growth, restructure balance sheets and attract foreign investors hungry for higher returns in far flung places. Besides high growth, many emerging markets also boast current account and fiscal surpluses, ensuring that their currencies are well supported against the dollar. Strong commodities prices have especially helped Brazil, Mexico and Russia, among others benefiting from this trend.

It is unclear how long the commodity boom will last, as many commodity prices appear to have peaked, especially in a China-driven boom as this country has tried to cool its red-hot economic growth.

Worldwide domestic consumption is high. Christian Smart, director of international investments at Boston-based Pioneer Investment Management, commented recently:

"Market forces are being unleashed. Rural people are moving to cities, and consumers rather than governments are driving economic growth. "

In spite of our concern, the falling dollar and out-performance of foreign developed and emerging markets this year is still pulling huge amounts of money into these markets.

Economic Commentary and Outlook for The Central European Economies
By James Libera

"The global economy appears to be strengthening again," writes James Libera in the Closed-End Country Fund Report.

"After softening in the second quarter, economic growth accelerated in the third quarter. We project that total world GDP will rise 4% in both 2004 and 2005, compared with about 2.5% in 2003. Europe remains a laggard, but all the other major economic regions - U.S., Japan, China, the emerging economies of Asia, central/eastern Europe and Latin America - should show 4%-plus growth this year. "

"We are particularly bullish on Central Europe, which is taking advantage of its new membership in the European Union with inflows of investment capital and rising growth. Poland will grow by more than 6% in 2004 and next year we expect the entire region to grow by 4-5%. We project that central Europe will grow at roughly twice the rate of western Europe for the next decade and we recommend significant portfolio exposure here. On the other hand, we are concerned with the recent move in Russia towards political authoritarianism and government intervention in the economy. "

"The countries of Central Europe now in the European Union, Poland, Czech Republic, Hungary and Slovakia, are embroiled in economic disputes with "Old Europe," For example, France and Germany recently pressured Central Europe to raise corporate taxes from their present levels of 15-20% to the levels of France and Germany of 30-40%. With labor costs in Central Europe just a fraction of Western Europe's level, France and Germany are afraid that the lower corporate taxes give central Europe an overwhelming advantage for attracting new investment. As a result, Germany and France threatened to cut off EU regional funds unless corporate taxes in Central Europe are raised. Our source does not think that those threats will be carried out, because other EU countries like the U.K., Ireland and the Netherlands are more sympathetic to a lower tax environment. In any case the Central European labor cost advantage will remain. One management consultant estimated that an auto parts manufacturer could save 30% moving production from Germany to Poland. Equally important, productivity in central European factories now matches the level in Western Europe at comparable levels of capital and technology. Many western companies have already taken advantage of the more buoyant growth environment by locating facilities here. However, we think that trend will accelerate once there is greater recognition of the declining political risk in the region. We strongly believe that all global investors should have a significant stake here.

Note: Compiled from "Closed-End Country Fund Report"- October, 2004.

Real Estate Investment Review: Cohen & Steers Funds Boost Monthly Distributions

NEW YORK (Dow Jones)–Three Cohen & Steers realty funds each announced separate increases in monthly income distribution payments for the first three months of 2005, as the funds manager, Cohen & Steers Capital Management, Inc. expects increased investment income.

In a press release, Cohen & Steers Total Return Realty Fund (NYSE: RFI) said it raised the monthly distribution 2.5 cents, or 29%, to 11 cents a share. In a separate release, Cohen & Steers REIT and Preferred Income Fund (NYSE: RFP) bumped up its monthly distribution 2 cents, or 11%, to 19.5 cents a share.In a third release, Cohen & Steers Quality Income Realty Fund (NYSE: RQI) lifted its monthly distribution 2.5 cents a share, or 21.7%, to 14 cents a share.

Each company will pay the respective monthly dividends January 31 to shareholders of record January 14; February 28 to shareholders of record February 15th, and March 31 to shareholders of record March 15.

Note: Company website: [www.cohenandsteers.com.](http://www.cohenandsteers.com) Or call (888) 301-0513.

Note: George Cole Scott, his family and clients of Closed-End Fund Advisors own shares of Cohen & Steers Total Return Realty Fund. We chose this fund as we found that it was the only closed-end fund managed by Cohen & Steers that is not leveraged.

Globalization of REITs Accelerates Real Estate Development

By Julia Bennett

Thanks to real estate investment trusts (REITs) – publicly traded entities that manage and develop commercial properties – ordinary investors can own shares of shopping malls in Madrid and Manhattan, distribution centers in Oklahoma City and Osaka and hotels in Toledo and Toronto.

Countries around the world are rushing to establish REIT marketplaces, and the U.S., where they all started, just relaxed its tax code, letting overseas investors buy shares in that country's 154 publicly traded REITs as easily as they can buy ordinary stocks.

The globalization of REITs is one of the major trends driving real estate development. REITs began in the U.S. four decades ago but grew in popularity only in the last few years when the REIT index outperformed the stock market. For the first 10 months of 2004, the value of U.S. REITs has increased 14%, while the Standard & Poor's 500 has remained essentially flat.

That success has driven other countries to establish their own REIT markets – now 20 countries or territories from Australia to Turkey have passed laws allowing REITs and legislation is pending in many more. The rules governing REITs may differ from country to country. The reasons for investing in commercial real estate vehicles are the same...the stable income stream REITs can offer because a high percentage of their rental income must be returned to shareholders as dividends each year. Many Investors like to have steady cash returns.

"Global REITs provide geographic diversity," says Jeffrey Voudrie, CEO of Legacy Planning group in Johnson City, Tennessee, "and may allow ordinary investors to take advantage of fluctuations in foreign currency."

A simpler path into the international marketplace is investing in one of the 15 U.S. REITs that own and develop property abroad. Favored are REITs operating primarily in hotel, retail and industrial sectors.

Shurgard Storage Centers in Seattle, for example, own and operate 599 self-storage facilities near airports in 22 U.S. states and seven European countries. Host Marriot, a hospitality real estate company, operates 115 high-end hotels, including four in Canada and one in Mexico.

A REIT looking at the overseas markets first studies markets and then proceeds cautiously. ProLogis in Aurora, Colorado and AMB Property Corp. in San Francisco are overseas because their customers wanted them there. ProlLogis now serves almost 2000 markets in North America, Europe and Asia, and AMB operates 1,105 buildings in eight countries and will open large warehouse distribution facilities in Osaka and Tokyo in 2005. ProLogis is entering China with a joint venture with a Shanghai firm. Returns on industrial property in Asia are better than in the U.S., because interest rates are low. The number of U.S.-based REITs going abroad is increasing rapidly, particularly in Latin America and Europe.

Mills Corp. of Arlington, Virginia has an overseas venture that has caused the most excitement. Mills specializes in "shoppertainment," a blend of retail and entertainment in 29 vast U.S. shopping Malls. Last year, The Mills joined with Spanish partners to build Xanadu in Madrid, a complex with 240 stores, 20 restaurants and a ski slope complete with fake pine trees and a mountain of artificial snow!

"Investors seeking a multinational REIT experience should also proceed with caution," says Mr. Voudrie of Legacy Planning Group. "Investing outside your own country", he warns, "can involve political and currency risks – offset, perhaps, by the fun of telling people your portfolio includes an indoor ski run in Spain".

Source: The Wall Street Journal. For more information: Visit www. RealEstateJournal.com (Cohen & Steers closed-end funds own shares of Mills Corp. and Host Marriott Corp mentioned in this article).

KK DAVinci Advisors has launched a closed-end blind pool, real estate investment trust, which would be the largest REIT to invest solely in Japanese real estate. In a blind-pool REIT, investors provide the funds and let the fund manager choose which properties to buy.

Japan's REIT market remains relatively small but has grown strongly since 2001, with more than 10 REITs listed on stock exchanges here. Investors who believe that Japan finally has overcome its deflation problem have rushed to pump money into listed REITs since early this year.

Note: We use real estate investments as part of our asset allocations to reduce investment risk. We have been looking for a chance to invest in the global REIT market, particularly in a closed-end fund, but haven't found any to date.

2004 Dividend Distribution News:

Adams Express Company Pays Year-End Distributions, Extends Share Repurchase Program

Baltimore, Maryland, November 11, 2004 – The Board of Directors of Adams Express Company (ADX:NYSE) declared the following year-end capital gain distribution and dividend, payable December 27, 2004, to stockholders of record as of November 23, 2004.

1. A capital gain distribution of $0.64 per share, representing the undistributed capital gain realized during 2004, of which $0.63 was long-term and $0.01 was short-term; and
2. An income dividend of $0.11 per share, representing the undistributed investment income for 2004.

Both payments are payable in stock or cash at the option of each stockholder. The ex-dividend date for the year-end distributions is November 19, 2004.

Adams Express has been an internally managed closed-end investment company since 1929. The fund's objectives are preservation of capital, reasonable income and an opportunity for capital gain. The fund's seasoned team of research analysts and portfolio managers uses "bottoms up" analysis to locate equity investments that meet the fund's objectives. The hallmarks of the fund are its low expense ratio and its steady returns in up and down markets.

The Board of Directors also voted December 9 to extend its share repurchase program and has authorized the repurchase of up to 5% of the outstanding shares of the Company stock over the next twelve months. Purchases will be made in the open market when the shares are trading at a discount of at least 10%. The Board authorized repurchase of 4,172,453 shares over the ensuing year.

Note: For more information go to the website: www.adamsexpress.com or telephone ADX at (800) 638-2479. George Cole Scott and his family own shares of Adams Express. Clients of Closed-End Fund Advisors also own ADX shares.

Lazard Global Total Return & Income Fund Pays Distribution

The Board of Directors of Lazard Global Total Return & Income Fund (NYSE: LGI) announced, pursuant to a level distribution policy, a monthly dividend distribution of $0.1042 per share on the company's outstanding common stock. The dividend is payable on December 13, 2004. The ex-dividend date was December 9, 2004.

The Fund's monthly dividend represents an annualized market yield of 6.9%, based on the share price of $18.00 at the close of New York Stock Exchange trading on October 31, 2004.

Portfolio data as of October 31, 2004 including performance, asset allocation, top ten holdings, sector weightings, regional exposure and other fund characteristics will be posted on Lazard Asset Management's website: www.Lazardnet.com

The Fund's objective is total return, consisting of capital appreciation and current income. The Fund seeks to achieve its objective by primarily investing in a portfolio of approximately 35 to 45 equity securities with a market capitalization of at least $5 billion at the time of purchase, that are domiciled in those countries that comprise the MSCI World Index. The fund seeks enhanced income by investing in short duration (typically below one year) emerging market forward currency contracts and other emerging market debt instruments.

Note: George Cole Scott and clients of Closed-End Fund Advisors own shares of Lazard Total Return & Income Fund. Although it is a new fund without a long-term track record, we find that it fits into our philosophy of low risk, high return funds, which invest globally and pay-out frequent distributions.

Swiss Helvetia Fund Announces Year-End Dividend

The Board of Directors of The Swiss Helvetia Fund, Inc.(SWZ: NYSE) announced the declaration of an ordinary income dividend in the amount of $0.243 per share derived from short-term capital gains and a long-term capital gain distribution in the amount of $0.474 per share. The distribution will be paid on January 21, 2005 in the form of stock, with a cash option, to stockholders of record on December 17, 2004. The shares will trade "ex-dividend" on December 15, 2004.

The Fund is a non-diversified closed-end management investment company, which seeks long-term capital appreciation through investment in equity and equity-linked securities of Swiss companies. The Fund will invest primarily in equity and debt securities of Swiss companies and does not intend to enter into transactions to reduce currency risk.

Average Annual Total Return:		
	as of 10/31/2004	
	Market Price	**NAV**
YTD	5.06%	5.33%
1 YR	20.95%	19.71%
5YR	5.19%	4.21%
10 Yr	9.14%	10.72%

Note: For more information: 1-888-SWISS-00 or 1-212-332-2760 Website www.swz.com. We have just started purchasing SWZ for clients of Closed-End Fund Advisors.

Templeton Global Income Fund Increases its Distributions

Templeton Global Income Fund (GIM: NYSE)) announced a distribution from net investment income of $0.1852. This amount is comprised of the Fund's regular monthly dividend from net investment income of $0.04 per share and an additional year-end dividend from net investment income of $.01452 per share. This distribution is payable on December 31, 2004 to shareholders of record on December 16, 2004.(Ex dividend date: December 14, 2004).

The Templeton Global Income Fund is a non-diversified, closed-end, management company whose principle investment objective is to provide high current income. As a secondary investment objective, the Fund seeks capital appreciation but only when consistent with its principle objective. The Fund will invest primarily in a portfolio of sovereign fixed-income securities of U.S. and foreign issuers. The Fund may invest in lower-rated securities, which are generally considered to be speculative. Up to 35% of assets may be invested in dividend-paying common stocks. The Fund may engage in options and futures transactions.

Total assets as of October 31, 2004 were $1,195,678,178 of which 95.7% were in fixed income and 4.3% in cash. The percentage of total assets were allocated as follows: 49.4% in Europe, 25.2% in Asia, 15.7% in North America(Canadian and U.S. dollar investments and 5.90% in Latin America. The Fund held 86.8% in bonds.

Average Annual Total Return		
	Market Price	**NAV**
YTD	2.25%	7.58%
1 YR	13.3%	15.36%
5YR	16.24%	12.51%
10 Yr	12.18%	10.16%

Note: George Cole Scott, his family and clients of Closed-End Fund Advisors hold shares in GIM.

Canadian General Investments Declares a Special Cash Dividend

Toronto (Dow Jones)–Canadian General Investments Ltd. (CGI-Toronto) declared a special cash capital dividend of 60 Canadian cents a share, payable December 31 to shareholders of record on December 20.

In a news release, the company declared the special dividend in recognition of the strong performance of the portfolio year-to-date. Including the quarterly income dividend of 6 Canadian cents a share, total cash dividend payments of 84 Canadian cents in 2004 represent a yield to investors of 5.6% based on the November month-end closing market price of CDN$15.02.

Third Canadian General Investment Trust Declares Extra Dividend

Third Canadian General Investment Trust Limited (TSX:THD) has declared an extra dividend of $0.25 per share payable on December 31, 2004 to shareholders of record at the close of business on December 20, 2004. The Board of Directors of Third Canadian has authorized this extra distribution in recognition of year-to date results.

Third Canadian, established in 1928, is the second oldest North American listed closed-end fund. The Company's investments consist of Canadian and international equities, funds, income trusts and other income generating securities.

Morgan Meighen & Associates, the investment advisor, also manages The Canadian World Fund.
If you would like more information on these funds, go to the Closed-End Fund Association website at www.closed-endfunds.com. We visited Toronto in November in order to see the management of the funds managed by Morgan Meighen. We plan on interviewing them in early 2005.

Closed-End-fund IPOs May be Hazardous for Investors

New York – This year's initial public offering of Google, Inc. proved that investors have an appetite for IPOs again. But investors looking to replicate that sizzle in an IPO shouldn't cast their sights on closed-end funds. Closed-end fund IPOs can be a financial hazard, according to a report from data provider, Lipper Inc.

Unlike their open-end cousins, closed-end funds have a fixed number of shares, which trade on an exchange. Because the number of shares is fixed, unlike open-end funds – which can issue as many shares as investors would like to buy – the price of each share is subject to investor demand, not the value of what is actually in the funds' portfolios.
Share prices can vary radically from the value of the underlying assets or net asset value.

A recent report by Lipper senior research analyst Michael Porter showed that the 39 closed-end funds that came public in 2004 through September 30 now trade at an overall accumulated discount of 10.6% on average. What's more, they started their price declines within weeks of the offering date.

Although it is a well-known fact that closed-end funds quickly trade at a discount, investors continue to plow money into these newly launched shares. In 2004, $18 billion in assets have been raised through public offerings, according to Lipper. Many of these funds that have come-out have been some of the days most popular investment themes, such as energy, dividend-paying stocks and inflation protection. Closed-end funds fall to discounts shortly after their IPOs because they are priced at a premium to include the underwriters' cut.

Note: This report is condensed from an article in Investment News, December 6, 2004.

Our Comment: We haven't purchased closed-end funds at their initial offering price because we like to buy them at a discount and gain the leverage of having more assets working for you which can make a big difference in returns. When the discount narrows, you have the added advantage of increased returns as well-ED.

Monthly Review from the Portfolio Manager

Year-end distributions create opportunities: At the beginning of the month of November and into December, we raised cash by selling shares of Central Europe & Russia Fund, because of their high exposure to oil prices.

Templeton Emerging Markets Fund (EMF: NYSE) has been another of our big winners this year, but, when it started selling at a premium, we sold the whole position. Last time we did this, we bought the similar mutual fund, Templeton Developing Markets Trust, which we still hold.

Other investments sold recently include H&Q Healthcare Investors (HQH: NYSE) also because it sells near to its net asset value. We also took profits in Lucent Technologies because of its sharp rise. When looking for cash, we usually sell a stock first as we are closed-end fund specialists and see much more risk in individual securities. We try to limit individual stocks to no more than 10% of a client's portfolio and regard them as "special situations".

New purchases have been The Europe Fund (EF: NYSE) and Swiss Helvetia Fund(SWZ:NYSE). We plan to interview the managers of one or both of these funds in 2005. We added to Ellsworth Convertible Growth & Income Fund (ECF: ASE) because it sells at a good discount, has lagged the markets lately and pays a good dividend.

At the end of November, our cash position was 1.92%. We plan to continue adding to funds, which are undervalued during December, as well as other opportunities that may come along-ED

Closed-End Fund Association 2005 Florida Symposium

The Closed-End Fund Association (CEFA) is proud to announce its first ever regional conference, the 2005 Florida Symposium, "Investing in Closed-End Funds: A World of Opportunity".

This conference is the first to be put on by the closed-end fund industry and is designed to help educate and inform investors about the latest opportunities and trends in closed-end investing.

The agenda has been developed to allow personal interaction with leading closed-end funds, financial consultants, investment advisors, brokers and analysts to provide valuable information on closed-end fund investment trends and market outlooks.

Scheduled sessions include: Diversifying your portfolio through Country Funds, Identifying Investment Opportunities in Closed-end Bond Funds and Tax Advantages for Closed-end Fund Investors.

The one day Symposium will be held at the Wyndham Palace Resort & Spa, located inside the Walt Disney World Resort Village at 1900 Buena Vista Drive, Lake Buena Vista, Fl. Hotel registrations: 1-407-827-2727.

To register, send a check for $125.00, payable to Closed-End Fund Association, P.O. Box 28037, Kansas City, MO 64188. (No credit cards).

We plan to be there and look forward to meeting many of our subscribers at this informative event.

More information is available at [www.cefa.com/Conference/CEFAInvestorInvite.pdf.](www.cefa.com/Conference/CEFAInvestorInvite.pdf)

"If we would be guided by the light of reason, we must let our minds be bold."
-- Louis Brandeis (1856-1941) – Jurist

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 [**CEFadvisors.com**], Site-By-Site's closed-end fund website [**site-by-site.com/usa/cef/cef.htm**], and Capital Link's [**ClosedEndFundForum.com**]. Please contact us if you would like to have the ***Scottletter Online*** available as content for your website.

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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