Published by
Closed-End Fund Advisors

THE SCOTT LETTER:
CLOSED-END FUND REPORT

Vol. IX, No. 4 | *A Global View of the Closed-End Fund Industry* | July/August 2014

THE SCOTT LETTER is intended to educate global investors about closed-end funds. Closed-end funds can be a valuable and profitable investment tool. To learn about closed-end funds, visit our web site, www.CEFAdvisors.com, and in particular, read our article, What Are Closed-End Funds.

Feel free to forward this news-letter to anyone who you believe could benefit from information on closed-end funds or global portfolios.

– George Cole Scott, Editor-in-Chief

– John Cole Scott, Contributing Author

IN THIS ISSUE:

- An Active Approach to Consistent Monthly Tax-Sensitive Distributions: Eaton Vance's Tax-Managed Diversified Equity Income Fund . . . 1
- Portfolio Managers' Review 6

An Active Approach to Consistent Monthly Tax-Sensitive Distributions: Eaton Vance Tax-Managed Diversified Equity Income Fund

Eaton Vance is one of the oldest investment management firms in the United States, with a history dating back to 1924. Eaton Vance and its affiliates offer individuals and institutions a broad array of investment strategies and wealth management solutions. The firm exhibits a long record of providing exemplary service, timely innovation and attractive returns through a variety of market conditions.

Walter A. Row, III is a vice president of Eaton Vance Management, head of structured equity portfolios, portfolio manager and team leader of Eaton Vance's Global Core Team. Walter began his career in the investment management industry in 1981. Prior to joining Eaton Vance in 1996, he worked as an equity analyst and portfolio manager with State Street Research & Management. He had additional experience as a financial consultant with Advest, Inc. Walter earned a B.S. from Yale University and an MBA from Harvard University Graduate School of Business Administration. He is a CFA charterholder. (Source: Eaton Vance)

Walter A. Row, III

We interviewed Walter Row, lead portfolio manager of the Eaton Vance Tax-Managed Diversified Equity Income Fund (NYSE:ETY) and Jonathan Isaac, Director of Product Management on August 5, 2014 by telephone.

SL: Thank you, Walter and Jonathan, for taking time to speak with us about the Fund. I am curious about how Walter's career path led him to become the Fund's portfolio manager.

Row: My background is in the investment business. I'm in my 34th year, and I began my career as a financial advisor/stockbroker. I used to work with options in my own clients' accounts years ago. It was around 2003 that Eaton Vance became very interested in creative ways of delivering income and tax advantages for investor-client portfolios.

At that time, I was Director of Research heading up the team of analysts. The Chief Equity Investment Officer asked if I would be interested in overseeing a family of products. He knew I had some past experience with options and approached me back in 2003 before the inception of these funds. I was involved in the creation and early product design and know the whole history of their product development having lived through it. So, you've come to the source, as they say.

SL: Please speak briefly about managing your strategy inside of the closed-end fund structure. I always enjoy getting a manager's perspective on CEFs versus open-end funds, separately managed accounts or hedge funds.

Row: Well, we like the fact that we don't have to manage inflows and outflows, other than the distribution. We like, certainly, that the money is relatively captive to us; but we also understand that we need to perform well and that sometimes our funds can trade at a discount. We're always mindful of keeping the performance of the Fund strong and making sure that we represent outstanding value for investors who would like to buy our shares. We think that the CEF structure is an attractive one to invest in.

We want to provide strong distributions for investors and know investors are very much interested in those distributions. At times closed-end equity income funds can be more or less attractive, and sometimes fixed income funds can be more or less attractive. There can be back and forth movement between the two asset classes. I think most recently, the closed-end equity funds have become more attractive,

and it's been good for investors who were able to buy at discounts.

SL: What has been the biggest challenge or frustration with the CEF structure?

Row: Honestly, I think, relative to an open-ended fund, it's a great way to manage money.

SL: This is the third year of my doing *Scott Letter* interviews where I have been saying, "So what's going to happen, in your opinion, when the Fed raises interest rates?" This obviously has an impact on the market's perception of various asset classes. What is your perspective now that tapering is finally ending and rates have to eventually go up?

Row: Yes, I think since early 2013, we've really been on the war path for rates rising. It's my view that rates will be lower longer because I think the output gap is too high. We've got too many people who are still unemployed. We've worked very hard to get to this point where we're seeing, perhaps 2% growth but not 3% growth. We need higher than 2% growth to bring down true unemployment, taking into account the participation rate is lower than it should be. I feel that we've been pulling consumer demand inward for 10 years. We did that for 4-5 years before the recession, and we've been doing it five years since.

I'm not thinking that we're going to see rates rise anytime soon. I could be wrong, but meanwhile I think Europe may possibly enter into more significant quantitative easing as they move towards a very low inflation rate. Europe could be the next engine of growth in the global economy.

SL: We find people often focus on GDP, housing and employment/unemployment data. As you monitor the U.S. economy, what other data points do you find drive your investment decisions?

Row: Looking for growth in manufacturing, certainly in employment, housing, the automobile industry, and capital expenditures. Also, growth in the energy sector is very important to us as it relates to gasoline prices as well as inflation.

We're also aware that profit margins are very high. We continue to look at the sales growth in successive quarters and watch transportation closely.

I think transportation is an important indicator of strength in the economy. I like to see small cap stocks continue to do well relative to the larger capital industries. All of these things are strong indicators of strength in the market place.

SL: Thank you. It's always nice to get a deeper perspective on a manager's personality. We find it helps us understand their investment decision-making process. What is your basic approach to a covered call/option fund? What do you look for and what do you avoid?

Row: The basic approach with this particular fund, ETY, is to manage a portfolio benchmarked to S&P 500 index of large cap stocks and to diversify across all the various sectors of the market. The names of these large cap stocks are supplied to us through our research team. We have 20 research analysts, and we're looking to populate a diversified portfolio with approximately 70-90 names. Working with the analysts to identify these names is where I really spend a significant amount of my time.

I also oversee the options part of the portfolio in which we're writing S&P 500 index call options on roughly 50% of the portfolio. This call option writing is one of two income generators that we have for the purpose of helping us with the high income distribution component of the Fund.

The other part of the program that generates the distributable income for us is dividends – not only dividends that are part of the equity portfolio itself but also a certain amount of dividend rolling. We look to investing in stocks, primarily in the European theater, that pay annual dividend payments that can be in the order of 4%-5%. We rotate 3-4 different baskets of stocks as part of the dividend rolling process. We do have a separate team that oversees and looks at the dividend rolling names.

We also have a component of total return that comes to us from the appreciation of the overall market – the so-called beta exposure – that we're able to generate via that part of the portfolio that's not written with options. Then, of course, there's the alpha component to the underlying stock portfolio as well.

I would say there are three main components of the portfolio and approach: the stock portfolio, the options portfolio and the dividend rolling component. The latter is the smallest of the three components.

SL: Why do you use S&P options versus actually writing options on underlying stocks?

Row: One is that there are tax benefits that accrue from writing index options, unlike single stock options. The IRS 1256 provision allows a favorable long-term capital gains treatment on a portion of option premium derived from index call writing. To the extent that we're writing index call options and we have a really good stock, we don't necessarily have to forfeit that option as you might if you had an individual stock call option that was written. For example, if a piece of news gets announced and the stock goes up 50%, you would be able to capture that gain if you had a index call option but not necessarily with an individual stock call.

SL: You stated that you are writing options on 50% of the portfolio. Is 50% historically normal or does it vary over time?

Row: It hasn't shifted all that much over the course of time, but we could change it. It would depend on if we were to take a bigger view on volatility in the market place and if we thought volatility was going to spike. We don't typically like to make too much of a top-down call on the market.

SL: You have said that you have 20-30 analysts covering different sectors. Do you have a separate options team that you oversee?

Row: Yes, we do have a subsidiary, Parametric Risk Advisors that's located in

Eaton Vance Tax-Managed Diversified Equity Income Fund Overview (as of June 30, 2014)

Total Net Assets	$1.9 billion
Number of Equity Holdings	82
Call Option Written	
% of Stock Portfolio	49%
Average Days to Expiration	14 days
% In the Money	0.2%

Westport, Connecticut. They actually act as consultants to us on our particular portfolios. We also have a trader here in Boston, working with the team in Connecticut.

SL: ETY had a very large closed-end fund initial public offering ("IPO") in November 2006, raising $1.826 billion. From our August 1, 2014 CEF Universe data, we see only 29 funds of the total 584 IPOs garnering larger assets, and we see the average CEF historically raised $500 million in assets. You were there, so what was it like to put the idea to market and to raise the capital? How long did it take to fully invest the portfolio?

Row: Well, it was an exciting time. We went through the initial phase in the market in 2004. In the early part of 2005, the market was quite strong, and then for about a year or so, the market cooled off a little bit. We felt that coming to market with a product that had a dual income capabilities, both options and/or dividends, could work in different environments. It gave us a lot more flexibility.

In terms of putting the money to work this was a fairly large size fund, but by buying large cap stocks, we were able to put that money to work pretty quickly. It wasn't really much of a problem at all.

SL: What would you say is the most significant difference between how the Fund was mandated in the early years versus now?

Row: The Fund really hasn't changed. Its mandate/structure hasn't changed at all.

SL: To make sure our readers fully understand what dividend rolling is, please give a short overview of the investment concept.

Row: Dividend rolling is essentially investing in stocks that may have a relatively high dividend payout for at least 60 days – that enable us to take advantage of the Qualified Dividend Income ("QDI") tax treatment. Then, after 60 days, when QDI tax status is achieved, we take that money and put it into another high paying dividend annual payout stock. Doing this on a successive basis for perhaps three or four different stocks over what could be an 8-month time period, enables us to take a 4% dividend and turn it into maybe three times that amount. This is essentially what dividend rolling is.

SL: You talked briefly about the focus of the portfolio. You mentioned you have European exposure which seems to be more for dividend income versus pure diversification. How would you expand this when you're buying investments for this Fund? What focus and expertise are investors getting, separate from the tax benefits of the yield, on the NAV exposure of what they're getting from the Fund?

Row: Well, they're getting a S&P 500 large cap diversified portfolio from a major investment management firm with a strong, stable team of analysts. They're getting a somewhat reduced market exposure by virtue of the option overwrite, so when the market declines, we're going to have the benefit of those option premiums that a straight S&P 500 portfolio won't have. So there's a little bit more of a conservative advantage to the structure, and there'll be a little less upside as well.

I think the Fund is really for more conservative investors who do want equity exposure, i.e., maybe those who miss the days of higher yields in fixed income investments. It's for those investors concerned about duration risk – the risk of rising interest rates – and for people who want to be in the equity market but maybe don't want to be in an aggressive leveraged portfolio. We don't use leverage. We never have.

SL: In our August 1, 2014 CEF Universe data, we're showing some forward contracts in the portfolio that are often associated with portfolio-based leverage?

Row: Well, I think that that was really a currency hedge transaction.

SL: Ok, thank you. I'll pass that on to our data team. I am not surprised as there are very few covered call CEFs that employ leverage because they're intended to be less risky and less volatile by design. As you know, leverage magnifies NAV volatility, which would go against the goal of lowering NAV volatility through options.

ETY's exposure in the U.S., Japan and Western Europe makes the Fund a developed market fund. Do you anticipate changing the portfolio's focus down the road?

Row: No. The European market does give you a little bit more yield and that's why we have some exposure there, but ETY is a S&P 500 fund, although we may have some incidental investments in other parts of the world.

SL: You talked about having close to 80 names in the portfolio. As I think of the top ten, it's about 23% of the portfolio. Is that normal, or does that wander around for you throughout cycles? How do you balance the need for diversification in the Fund versus having too many position and essentially indexing the Fund's portfolio?

Row: Well, we like to be diversified. We really don't want to be index-oriented too much. We like to be able to look at our top 10 and maybe think about some of the skewing that the top 10 represent based on the best of our research.

With ETY, it's a little bit different because we're writing options against the index. We're creating a liability against the performance of that index. So we need to be somewhat temporary in terms of effect. We've got this liability that is directly in an S&P index-oriented structure, but we also have to consider that to get the tax benefits of the 1256 contract, we need not be overlapping the index by more than 70%. So we have to be differentiated enough from the index to strike that balance.

SL: What's the one item that most financial advisors seem to get wrong about either this Fund or the covered call sector?

Row: I don't know to what extent the tax element is something that investors consider. Also, we have been buying back our shares in the last year or so which has, I believe, added a sort of diversification element. I think other funds may be buying back shares, but I don't know to what extent.

SL: Yes, a lot of the investors and advisors to whom we have spoken prefer monthly dividends over quarterly dividends, almost at a detriment to themselves. I know it's very helpful for investors interested in your funds to know that ETY is a monthly dividend payee and is active in buying-in shares.

(c) 2014 by Closed-End Fund Advisors

Row: It's just another thing that we felt would be beneficial for shareholders.

SL: Last year, we worked on finding a way to calculate destructive return of capital (“DRoC”). It is not a perfect formula, but we basically looked at NAV yield versus NAV performance on a 1-year basis. If there's a return of capital and NAV performance didn't match NAV yield, it became our definition of DRoC. The goal of NAV yield is important, and we ask “is the yield a repeatable and sustainable distribution amount for a fund?” We notice a lot of people have avoided return of capital like it’s the plague, when it is just a small number of funds that’s probably giving it a bad name.

Row: No argument here. Return of capital works well, if it is accounting and not economically based. Our goal is to provide returns in excess of the distribution, and we hope to do so while providing an accounting return of capital using various levers.

SL: What's the personal bias in your approach to portfolio management that really decides whether a cost-basis loss is an opportunity or something you don’t want to bring up in the next board meeting?

Row: You want to get away from stocks that are not treating you well, and you want to do it early if you can. You can give up a lot of performance quickly on bad performing stocks, and it can be hard to win that performance back.

We want to look at indicators that can be early warning signals to avoid some stocks. Our analysts are going to be significant interpreters of events for us. If a stock has what we think it takes for substantial economic growth in the long run, has a competitive advantage to peers and is trading at the low end of a channel that has been well formed over many years but has been down recently, we’ll be more inclined to be buyers of that.

SL: How do you balance the competing interests of NAV performance and the Fund’s dividend yield?

Row: It begins and ends with total returns. We want to have a distribution that is attractive in the market place – something that will make investors want to buy our shares – and be competitive against the other alternatives in the market place.

What we don't want is economic return of capital most years or all years. So, there has to be a reasonable expectation in the economic environment and the market environment for us to be able to earn the distribution. The distribution of this Fund (8%-9%) is really predicated on the long term return on the equity market, generally.

SL: I agree. When we talk about closed-end funds to folks, our firm says, “We care about net asset value performance and reasonable discounts … which can sometimes be a small premium.” We suggest investors look at what's available in a fund’s peer group, what's normal for the sector-based on the historical perspective, and then determine if the dividend level is sustainable. Looking back to March 2012, reducing ETY’s dividend by 13% and realigning it to what was a sustainable distribution going forward made sense to us.

Row: That's how we view it, and we’ve tracked the specifics over the course of time. Our level of distribution and their changes were very consistent with the competition. They were all pretty much doing the same thing.

SL: In looking at covered call CEF discount levels recently, I would argue the narrowing from 2013 in my opinion is actually a structural change in the normal range for covered call funds, as I view last year as somewhat ridiculous. A 5%-7% discount, in our opinion, is very reasonable for the sector, and we don't suggest investors wait for the -12%+ discounts to come back anytime soon.

What do you see for the future of your equity income team and the Fund?

Row: We're just continuing to do the same thing we’ve done since inception. We've got an excellent group of analysts here. We have a lot of confidence in them. We're looking forward to continuing with the Fund.

SL: How do the trustees and the board of directors interact with the portfolio managers with respect to setting dividend policies and picking peer funds? I mean, there are only 15 funds more liquid by our metrics than ETY. How does expense ratio and liquidity shape how you think about the Fund or monitor its success in the market?

Isaac: Obviously I think we've always been a believer in big funds due to the economies of scale from an expense standpoint, and it is helpful for liquidity concerns also. We were fortunate during a period in the early 2000s to launch, not just in the equity space, but also in several other areas, a series of fairly large funds with pretty expansive syndicates. These,

Eaton Vance Tax-Managed Diversified Equity Income Fund

Average Annual Returns* (as of June 30, 2014)

	2Q14	Year-to-Date	1-Year	3-Years	5-Years	Since Inception
Fund at NAV	5.14%	7.04%	22.48%	12.47%	12.91%	6.44%
Fund at Market Price	7.24%	12.02%	26.14%	13.62%	12.07%	5.51%

GICS Sectors versus S&P 500 Index (as of June 30, 2014)

	Fund	S&P 500 Index
Consumer Discretionary	12.89%	11.85%
Consumer Staples	9.00%	9.51%
Energy	8.47%	10.86%
Financials	16.11%	16.05%
Healthcare	14.90%	13.32%
Industrials	11.92%	10.51%
Technology Information	18.09%	18.83%
Materials	3.35%	3.51%
Telecom Services	2.04%	2.41%
Utilities	3.21%	3.15%

*Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that shares, when sold, may be worth more or less than their original cost. Performance is for the stated time period only; due to market volatility, the Fund's current performance may be lower or higher than quoted. The Fund's performance at market price will differ from its results at NAV. Returns are historical and are calculated by determining the percentage change in net asset value or market price (as applicable) with all distributions reinvested and includes management fees and other expenses. Performance less than one year is cumulative.

(c) 2014 by Closed-End Fund Advisors

generally speaking, tend to be among the most liquid in their various peer groups, and that's a positive. If liquidity is a concern that larger investors have in terms of choice of closed-end funds to invest in, they're likely to be attracted to the ones that provide them with greater liquidity.

SL: What sectors are advisors typically replacing when they increase or add exposure to covered call funds in client portfolios?

Isaac: It is a fixed income alternative. The 30-year bull market for bonds will end at some point, and we're already looking at other means by which to get income for the portfolio. This is a way to invest in equities in a more risk-aware manner and at the same time to generate pretty substantial amounts of income. I think that's how advisors are also looking at them, and I'd like to hope, like Walter, that some of the improvements we've seen in discounts over the last few months have been a direct result of people finally beginning to allocate money in this direction – away from some of the areas of over-valued fixed income.

SL: I know, when we sometimes work with investors who are more tax-sensitive, we overweight municipal bonds, covered call and master limited partnership investments because of their potential tax beneficial distributions.

Isaac: I think that's right. I'll be honest; I think we've offered a lot of tax-managed and tax-advantaged equity closed-end funds. I feel like we've never really been satisfied that investors have fully understood the difference between what the taxability of the distributions that these funds can provide versus what they're getting with ordinary income of their other investments.

SL: We notice the Fund seems to have about two-third return of capital over time. We try and look at trends in the data, and it seems to be that 60% is normal. Is that by design or by happenstance?

Isaac: I would say by design. To the extent that in a calendar year, we can earn distribution in an economic sense and convert as much of it as possible into return of capital from an accounting sense, that's what we're going to do.

Going back to the tax treatment, if you can produce distributions that are a large amount of return of capital, a small amount of long-term capital gains and some qualified dividend income, that's going to be pretty attractive from a tax standpoint.

SL: If you think of the last 5-10 years of closed-end fund syndications (IPOs), you take a yieldy something, lever it up and put it in the market. This particular Fund came about because investors were looking for something that would give them the tax benefits of equity income. What is the 2015-2025 perspective that Eaton Vance thinks would be syndicated in to the closed-end funds structure? Have you publicly shared any thoughts about what direction you see it going?

Isaac: There are two things. One, whatever bad press one might read on the subject of closed-end funds as a whole, I think most all of us agree that as a structure, it is as good and useful a structure as it has ever been.

I think if anyone could ever solve the mystery of slightly better discount control, we could see CEFs gain further popularity. We are never going to get around the fact of discounts, but if the market could reach a place where we don't see periods like we saw last year – which scared a whole lot of people who might have just become attracted to the asset class for an extended period of time – then we could really see progress.

Secondly, I think what we would most like to see is the application of closed-ends without such an emphasis on yield. There could be so many other applications. It seems obvious to me that many kinds of alternative investment vehicles would do well in a closed-end fund.

Eaton Vance Tax-Managed Diversified Equity Income Fund Last Six Distributions as of June 30, 2014

Ex Date	Distribution Per Share
June 19, 2014	$0.08430
May 21, 2014	$0.08430
April 21, 2014	$0.08430
March 20, 2014	$0.08430
February 19, 2014	$0.08430
January 22, 2014	$0.08430

SL: Regarding investor education and secondary market support, do you go out to the major conferences? What is the secondary market support that Eaton Vance focuses on to keep the message out there – to communicate with old and new shareholders? Where do you spend your time and dollars in the closed-end fund secondary market?

Isaac: I think there are two main areas. One is closed-end fund analysts across major brokerage firms. They vary in terms of their effectiveness, but I think they can be a very effective way of spreading the word about asset classes or individual funds, so we focus on that community.

Obviously, we have an extremely large wholesaling force across the nation, many of whom were responsible for selling these ideas in the first place. They are more than aware that if they're going to sell a fund the next time we offer something, they need to continue to educate their financial advisors on what is going on within our existing funds. We make sure they are regularly supplied with data and updates in terms of our funds so they can continue to support the fund. Finally, I've claimed that for every great article about ETFs that come out, ten negative articles about closed-end funds appear in the media. Anything we can do to change that would be useful!

SL: Well, we hope more interviews like this one help in the conversation on close-end funds. Walter and Jonathan, thank you again for your time today and your sharing more depth about ETY. I hope to see you at future events or conferences. Pristine Advisers has their annual Closed-End Fund conference in New York City on October 29th at which we are involved as a speaker and sponsor. ■

For more information on Eaton Vance Tax-Managed Diversified Equity Income Fund (ETY) or on Eaton Vance's other closed-end fund offerings, please visit http://funds.eatonvance.com/all-closed-end-funds.php or call 800-225-6265.

Disclosure: Clients and employees of CEFA as well as its family members do not own shares of ETY at the time of this interview. We will wait 72 market hours after publication before making any investment decisions about the Fund.

Portfolio Managers' Review

While we were going to press, the U.S. equity markets, represented by the S&P 500 index, closed for the first ever, above 2000. This represents the 30th record high this year for the index, which has gained almost 10% total returns in 2014 (Source: "S&P 500 closes above 2000 for the first time," *USA Today,* August 26, 2014). While domestic markets are at all-time highs, U.S. stocks seem reasonably valued with growth, due primarily to strong earnings versus frothy valuations, in our opinion.

The Global Dow closed at 2626, a year-to-date increase of +5.6%. The D.J. Americas index increased 8.4%, while the Asia Pacific TSM index increased 5.9% and the StoxxEurope 600 index (still in recovery) gained 4.5% to-date.

Many of our clients have substantial holdings in the world markets. Templeton Emerging Markets Fund, our largest foreign holding, is managed by Mark Mobius and has been reaching 6-month record highs. We also hold smaller positions in The Mexico Equity and Income Fund and the Thai Fund, although we're cautious about the latter.

On average, our Universe data (August 22, 2014) indicate U.S. equity and non-U.S. equity closed-end discounts were both at -9.1%, while specialty equity discounts were at -6.6%. These are considered normal levels for these fund groups. Taxable bond CEFs ended at an average discount of -6.1%, and national municipal bond CEFs traded at -7.0% discounts. These are about -1% and -0.7% wider than each group's 90-day average discounts, respectively. In our opinion, this shows that CEF investors are requiring a better entry point for bond-oriented investments.

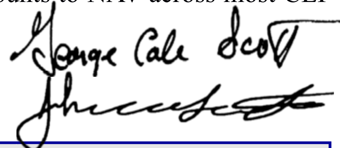
Equity CEFs are currently trading at an average yield of 7.5%, while taxable bond funds average 7.2% and national municipal funds average 6.1%. The 51 BDC CEFs are showing an average discount of -2.3% and a 9.0% market yield.

Year-to-date, the average U.S. and non-U.S. fund has about an +8.5% market price total return, while the average specialty equity fund has averaged +13%. The growth in specialty funds was led by MLP CEFs which averaged almost 20%, while REIT CEFs averaged 18%+ year-to-date. Municipal bond CEFs have done very well for investors with YTD market price total returns being over +13%.

BDC CEFs have lagged other CEF sectors so far this year, with an average return of about +2%. BDCs are an area of the CEF Universe we suggest deeper due diligence than traditional CEFs, including analyzing the quality of the manager's investment decisions, trends in quarterly NAV and dividend coverage for the debt-based BDC funds.

We think it is important for investors to be as diversified as possible to reduce their risks. A goal of balancing their portfolios could result in better investment performance. We like to swap funds from time to time to increase the relative value in our clients' CEF positions. This means selling funds when discounts narrow or go to premiums to their NAV. This is called "CEF alpha."

For tax-sensitive investors, we are overweight in covered call funds, master limited partnerships (MLP) funds and municipal bond funds that may offer beneficial after-tax returns. Overall, we still see a good number of attractive buys at decent discounts to NAV across most CEF sectors. ■



DISCLAIMER: The views and opinions herein are as of the date of publication and are subject to change at any time based upon market or other conditions. None of the information contained herein should be constructed 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 to be reliable, cannot be guaranteed.

Use or reproduction of any or all of The Scott Letter: Closed-End Fund Report requires written permission from Closed-End Fund Advisors. All rights reserved.

George Cole Scott
Founder and Editor-in-Chief
Senior Portfolio Manager

John Cole Scott
Contributing Author
Portfolio Manager

Leslie Jane Daniels
Copy Editor

Mamie Woo McNeal
Production Editor

The Scott Letter Online
is published by

Closed-End Fund Advisors
Global Investment Counsel
7204 Glen Forest Avenue, Suite 105
Richmond, Virginia 23226
(804) 288-2482
www.CEFAdvisors.com

Currently offering managed portfolios with the following objectives:

International Opportunity
Globally Diversified Growth
Hybrid Income
Growth & Income
Foundation/Balanced
Conservative Diversified
Special Situations
Municipal Bond