

Understanding Closed End Funds

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AAII Silicon Valley Chapter Board

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Outline

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Summary

Backup

What is a Closed End Fund ?

- Closed End Funds release a fixed amount of shares on IPO
- They trade on demand- NAV plus premium or minus discount
- Therefore, prices are determined by markets
- They use leverage to boost return on assets
- Contrast to Mutual funds- they trade during the day like ETFs
- IPO pricing- do not buy on IPO, expenses must be cleared
- Many have higher distributions than Mutual Funds or ETFs
- Organized under the 1940 Investment Act
 - <https://www.investopedia.com/terms/i/investmentcompanyact.asp>

How I Got Into CEF

- Recommended by an “Acquaintance”
- Recognize this man? >>
- Yep, William H Gross, once known as the “Bond King”
- Founder of Pimco, a Multi Billionaire, now retired
- I would see him at the ATT where I was a spectator & I am a marshal
- He suggested one of his funds to me as a best of breed investment
- Namely *PTY*- A CEF ETF- “Corporate Income and Opportunity Fund”
- Around 2005, I began investing in it. It was minting money for me
Also other Pimco CEF ETF- PFN, PDI became attractive
- They were great until Bernanke said he was changing Fed Policy 5/13



Why Were Pimco CEF So Attractive?- Especially PTY

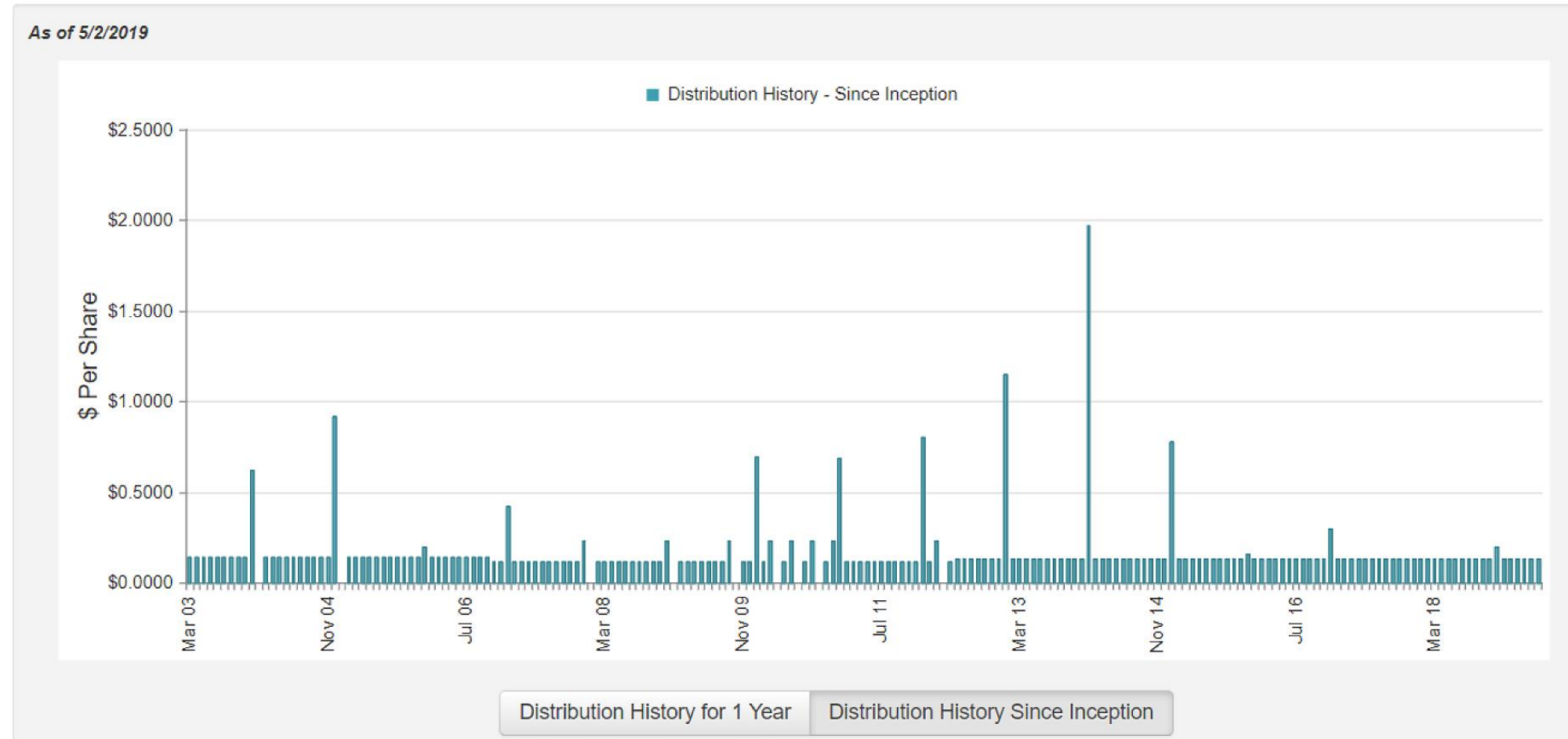
- The ETF paid a monthly distribution
- PTY was nearly 1% per month
- The premium was positive
- In early December a special year end dividend was often announced
- The Special dividend was payable in January. It was typically 6 months of distribution and did not displace the January dividend
- The payout was delayed a week or so and had a 5% discount price
- The typical return was 15% per year
- They had one dividend increase
- Bill Gross was a huge investor in his own funds
- I also invested in PFN and PDI
- I sold just after the Taper Tantrum in May 2013.
- I bought back in later and I currently Have PTY, PFN, and PDI- About 3% of my holdings
- A Recent caution> <https://seekingalpha.com/article/4259626-pty-caution-warranted>

PTY Distribution History- Inception to May 2019

Those spikes are special distributions

<https://www.cefconnect.com/fund/PTY>

Distributions



CEF 10 Year Track Record vs SPY- Ref Barron's 4/8/19

- 63 Funds at Least **15% Annual Return** >
- 10 Year SPY perf = **15.3%**



CEF Performance can be competitive, a good Portfolio Supplement

<u>Provider</u>	<u># Funds</u>	<u>Return Range</u>		<u>Provider</u>	<u># Funds</u>	<u>Return Range</u>
Aberdeen	1	18.2	I	John Hancock	6	16.7 to 21.9
AGI	1	15.1	I	Liberty	2	16.8 to 19.3
Barings	1	15.1	I	Macquarie	1	15.8
BR	1	15.4	I	MFS	1	16.2
Blackrock	1	18.5	I	Nuebeger Berman	1	24
CBRE	1	17.4	I	New America	1	15.6
Cohen & Steers	3	19.3 to 29.7	I	New Germany	1	20
Delaware	1	20.9	I	Nuveen	7	15.3 to 21.9
Eagle	1	15.1	I	Pimco	9	17.7 to 25.7
Eaton Vance	2	15.2 to 18.1	I	Reaves	1	20.2
First Trust	1	19	I	Royce	2	15 to 15.2
Firty	2	19.2 to 19.3	I	Tekla	2	16.3 to 17.7
Firty & Crmne	2	21.2 to 21.9	I	Tri- Continental	1	16.4
Gabelli	4	15.8 to 21.3	I	Virtus	1	22.2
Guggenheim	1	20.4	I			

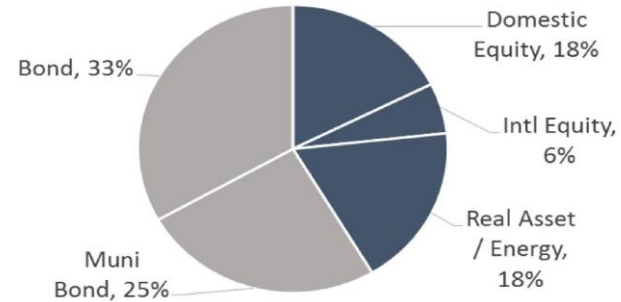
Closed End Fund Distributions

- Distributions are not equal to dividends
- Distributions can be dividends, return of capital, or special div/distributions
 - Interest payments on fixed income holdings such as bonds and senior loans,
 - Dividends from equity holdings, such as common and preferred stocks
 - Realized Capital Gains
 - Return of Capital
 - Pass-through distributions from investments like Master Limited Partnerships ("MLPs")
 - Unrealized Capital Gains
 - Return of Principal (getting your own money back)
 - (<https://seekingalpha.com/article/4111687-cef-school-distributions-101-distributions-dividends>)
- Distributions monthly, quarterly, semi- annually or year end (January following year)
- Typically much higher distributions than Open End Mutual Funds or ETFs

CEF Universe and Top Sponsors (Courtesy of Chad Grey)

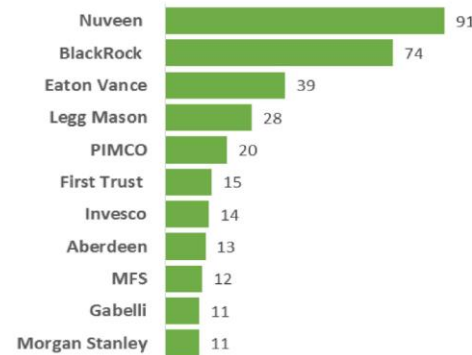
CEF Universe Pie Chart

Closed-End Fund Universe
By Fund Category (\$341B total assets)



Top Fund Sponsors

Top Fund Sponsors
By Fund Count



CEF Universe Scope- Ref Barron's April 15, 2019

- Equity CEF fund counts by category

	Equity	
General	Specialized	World
21	76	23

- Fixed Income counts by category

					Bond/ Fixed Income				
Preferred	Converts	Mortgage	Inv Grade	Loan Participation	High Yield	Other Taxable	World	National Muni	CA MUNI
21	11	8	13	28	32	23	21	82	13

A look at Barron's CEF pages- 1st CEF Page

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BARRON'S

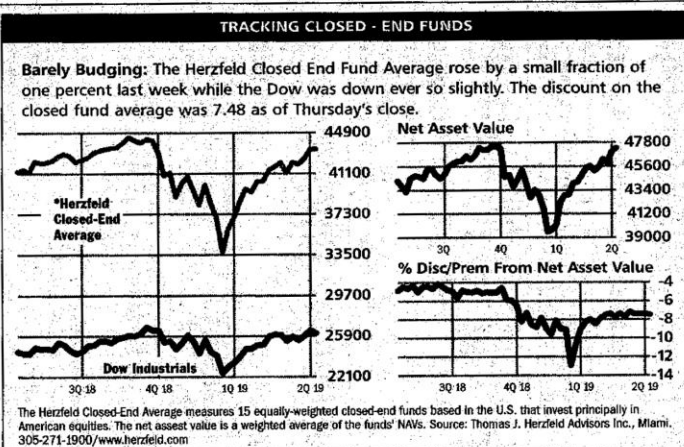
April 15, 2019

Weekly Closed-End Funds

Data provided by **LIPPER**

Fund Name (Symbol)	Stock Exch	NAV	Market Price	Prem /Disc	52 Week Market Return
Friday, April 12, 2019					
General Equity Funds					
Adams Diversified Equity (ADXX)	N	17.35	14.89	-14.2	15.3
Boulder Growth & Income (BIF)	N	13.33	11.10	-16.7	4.8
Central Secs (CET)	A	35.52	29.48	-17.2	15.0
Cohen Secs Opp (COV)	N	13.30	12.53	-5.9	16.5
Eagle Capital Growth (GCP)	A	9.17	7.77	-15.3	8.0
EVN Adv Dividend (EVD)	N	23.67	23.14	-2.2	11.5
Equus II (EQS)	N	NA	1.77	NA	-25.2
Forby Corp (FXY)	O	3.18	NA	NA	NA
Gabelli Divd Inv Tr (GDV)-a	N	23.72	21.67	-8.6	4.2
Gabelli Equity Tr (GAB)-h	N	5.07	6.19	+2.0	12.5
Gabelli Asset (GAM)	N	41.22	34.18	-17.1	8.1
JHancock Adv Div (HTD)-a	N	25.81	25.00	-3.1	27.2
Liberty All Str Eq (USA)	N	6.75	6.29	-7.0	10.5
Liberty All Str Gr (ASST)	N	6.02	5.96	-6.0	5.5
Nuv Adv Tr Strat (JTA)	N	NA	11.83	NA	-1.4
Royce Micro-Cap Tr (RMT)	N	9.53	8.55	-10.3	-3.9
Royce Value Trust (RVT)	N	15.89	14.24	-10.9	-5.9
Source Capital (SOR)	N	42.49	36.67	-13.7	-6.7
Special Opportunities (SPE)	N	NA	13.58	NA	5.6
Sprott Focus Trust (SFT)-a	O	7.80	7.11	-8.9	-0.4
Tri-Continental (TY)	N	30.28	25.95	-11.0	9.4
Specialized Equity Funds					
Aberdeen Gbl Prem Trst (ANP)	N	6.76	6.00	-11.2	5.5
Adams Natural Resources (FED)	N	20.59	17.19	-16.9	-5.5
AI Divd & Prem Str (NF)	N	14.09	12.22	-13.3	3.4
ACA Gold & Prec Met Ld (NA)	N	10.11	NA	NA	NA
BR Ethl C&I (CII)-a	N	17.08	16.09	-5.8	8.7
BlackRock Energy & Res (BGR)-a	N	13.57	12.81	-5.6	5.6
BlackRock Engr Div (BEN)-a	N	9.30	8.71	-6.3	5.2
BlackRock Engr Div (BEN)-a	N	12.05	10.90	-9.1	0.5
BlackRock Engr Div (BEN)-a	N	6.30	5.74	-8.9	1.7
BlackRock Engr Div (BEN)-a	N	37.70	39.59	+4.5	21.9
BlackRock Engr Div (BEN)-a	N	9.51	8.33	-12.4	-4.2
BlackRock Engr Div (BEN)-a	N	31.90	33.95	+6.5	13.6
BlackRock Engr Div (BEN)-a	N	20.17	21.46	+6.3	8.0
BlackRock Engr Div (BEN)-a	N	14.84	12.59	-15.2	15.3
CDRE Climate Res (CR)	A	8.69	7.50	-13.7	11.4
CLARKSON ENGR MGR (CLM)	N	11.15	9.80	-12.1	6.9
CLEARBRIDGE MLP MGMT TR (CTR)	N	11.13	9.88	-11.2	8.7
ClearBridge MLP & Midstm (CEM)	N	14.07	12.80	-9.0	7.9
Catr Cat Engr MLP & CEN	N	8.52	8.33	-2.3	15.5
Chp Str Gbl Inc (NIB)	N	9.52	8.25	-10.5	-0.5
Cohesive STEERS MLP INC (CME)	N	26.94	25.05	-7.1	27.0
Cohesive STEERS MLP INC (CME)	N	10.43	9.88	-5.3	15.5
Cohesive STEERS MLP INC (CME)	N	14.02	12.96	-7.8	20.8
Cohesive STEERS MLP INC (CME)	N	23.02	20.60	-10.5	21.6
Cohesive STEERS MLP INC (CME)	N	15.01	13.30	-11.3	17.8
Columbia Sel Prem Trst Gr (STK)	N	21.23	21.92	+3.3	10.4
Cushing Energy Income (SRI)-a	N	9.38	7.81	-16.7	-8.4
Cushing MLP Trst (SRI)-a	N	12.02	10.59	-12.6	0.5
Cushing Renaissance (SRI)-a	N	16.07	17.36	+7.9	15.0
DNP Select Income (DNP)	N	10.04	11.53	+14.8	19.2
Dunlap Sel Mkt Int Ld (DML)	N	10.07	10.15	+0.8	15.7
Dunlap Sel Mkt Int Ld (DML)	N	5.82	5.18	-11.0	7.0
EnVest Equity Inc (EVI)	N	15.30	14.76	-3.5	8.0
EnVest Equity Inc (EVI)	N	15.82	15.91	+0.6	15.9
EnVest Equity Inc (EVI)	N	9.05	8.40	-7.2	14.4
EnVest Equity Inc (EVI)	N	14.95	15.55	+4.0	7.1
EnVest Equity Inc (EVI)	N	14.34	15.22	+6.2	11.2
EnVest Equity Inc (EVI)	N	12.08	11.65	-4.5	7.5
EnVest Equity Inc (EVI)	N	10.44	9.96	-4.6	6.0
EnVest Equity Inc (EVI)	N	8.71	8.29	-6.2	0.7
EnVest Equity Inc (EVI)	N	14.24	22.58	+58.2	14.7
First Tr Enhanced Eq (FFA)	N	16.04	15.23	-4.9	9.6
First Tr Specialty Fin (FSP)	N	5.95	6.15	+2.5	15.3
First Tr Energy Trst (FET)	N	17.28	17.16	-0.7	15.7
First Tr MLP & Engr (FEI)	N	NA	11.83	NA	8.5
Gab Gbl Int & Inc (GLO)-a	A	20.11	18.98	-6.5	5.1
Gabelli Healthcare (GHC)-h	N	12.14	11.43	-5.8	15.1
Gab Gbl Int & Inc (GLO)-a	N	4.99	6.99	+40.1	34.5
GAMCO Gold Miners (GOM)-a	A	4.43	3.95	-11.0	-0.8
GAMCO Gold Miners (GOM)-a	N	6.02	5.71	-5.2	0.8
JH Fin Opt (JFO)	N	35.36	33.36	-5.6	0.5
Macquarie Port Tr (MPT)	N	NA	11.26	NA	5.4
Macquarie Port Tr (MPT)	N	7.42	6.76	-8.9	1.7

a-NAV and market price are ex dividend. b-NAV is fully diluted. c-NAV is as of Thursday's close. d-NAV is as of Wednesday's close. e-NAV assumes rights offering is fully subscribed. f-Rights offering in process. g-Rights offering announced. h-Upper data has been adjusted for rights offering. i-Rights offering has expired, but Lipper data not yet adjusted. j-NAV as of previous day. k-tender offer in process. Source: Lipper



Fund Name (Symbol)	Stock Exch	NAV	Market Price	Prem /Disc	52 Week Market Return
Neuberger Berman MLP Inc (NML)	N	9.10	8.10	-11.8	5.8
Nuberg Rpt Str (NRS)-a	A	5.97	4.97	-19.8	17.6
Nuv Dow 30 Dyn Divd (DIA)-a	N	18.94	17.84	-5.8	6.3
Nuv AC Engr MLP Opps (JMLP)-a	N	7.29	6.95	-4.7	7.5
Nuv AC Engr MLP Opps (JMLP)-a	N	14.44	14.05	-2.7	14.9
Nuv AC Engr MLP Opps (JMLP)-a	N	NA	10.79	NA	-2.1
Nuveen Engr MLP Trst Rtn (JMF)-a	N	NA	9.87	NA	7.7
Nuveen Engr MLP Trst Rtn (JMF)-a	N	22.67	22.85	+0.8	4.5
Nuveen Engr MLP Trst Rtn (JMF)-a	A	NA	10.26	NA	15.6
Nuveen Engr MLP Trst Rtn (JMF)-a	N	NA	16.13	NA	7.2
Nuveen Engr MLP Trst Rtn (JMF)-a	N	NA	15.69	NA	-5.9
Nuveen Engr MLP Trst Rtn (JMF)-a	N	13.36	13.22	-1.0	4.4
Nuveen Engr MLP Trst Rtn (JMF)-a	N	NA	12.13	NA	4.5
Nuveen Engr MLP Trst Rtn (JMF)-a	N	34.73	34.16	-1.6	30.8
Nuveen Engr MLP Trst Rtn (JMF)-a	A	23.72	18.69	-21.2	21.9
Nuveen Engr MLP Trst Rtn (JMF)-a	N	10.82	9.17	-15.2	6.1
Nuveen Engr MLP Trst Rtn (JMF)-a	N	8.22	8.84	+7.5	11.6
Nuveen Engr MLP Trst Rtn (JMF)-a	N	24.88	23.89	-3.9	3.5
Nuveen Engr MLP Trst Rtn (JMF)-a	N	20.14	20.07	-0.3	NS
Nuveen Engr MLP Trst Rtn (JMF)-a	N	15.37	14.38	-6.4	1.5
Nuveen Engr MLP Trst Rtn (JMF)-a	N	17.55	16.48	-6.1	3.8
Nuveen Engr MLP Trst Rtn (JMF)-a	N	21.00	19.22	-8.5	14.0
Nuveen Engr MLP Trst Rtn (JMF)-a	A	NA	12.36	NA	14.0
Income & Preferred Stock Funds					
Celastros Strat Tot (CST)-a	N	NA	12.78	NA	16.8
Cohen Strat Ld Divd & Inc (LDP)	N	25.05	24.12	-3.7	1.3
Cohen Strat Ld Divd & Inc (LDP)	N	25.78	27.51	+6.7	16.1
Cohen Strat Ld Divd & Inc (LDP)	N	11.39	13.19	+16.1	36.4
Cohen Strat Ld Divd & Inc (LDP)	N	18.49	17.76	-3.9	6.9
Cohen Strat Ld Divd & Inc (LDP)	N	18.49	17.76	-3.9	6.9
Cohen Strat Ld Divd & Inc (LDP)	N	23.02	22.38	-2.8	5.7
Cohen Strat Ld Divd & Inc (LDP)	N	18.49	17.76	-3.9	6.9
Cohen Strat Ld Divd & Inc (LDP)	N	21.25	23.05	+8.4	23.4
Cohen Strat Ld Divd & Inc (LDP)	N	20.75	22.07	+6.4	22.7
Cohen Strat Ld Divd & Inc (LDP)	N	18.47	17.76	-3.9	6.9
Cohen Strat Ld Divd & Inc (LDP)	N	25.18	16.85	-34.3	17.9
Cohen Strat Ld Divd & Inc (LDP)	N	14.82	13.20	-10.9	14.8
Cohen Strat Ld Divd & Inc (LDP)	N	15.57	22.45	+45.0	14.8
Cohen Strat Ld Divd & Inc (LDP)	N	NA	9.93	NA	4.4
Cohen Strat Ld Divd & Inc (LDP)	N	NA	9.21	NA	4.4
Cohen Strat Ld Divd & Inc (LDP)	N	NA	22.21	NA	5.3
Cohen Strat Ld Divd & Inc (LDP)	N	NA	16.14	NA	5.7
Cohen Strat Ld Divd & Inc (LDP)	N	NA	5.51	NA	5.5
Cohen Strat Ld Divd & Inc (LDP)	N	NA	10.82	NA	5.5
Cohen Strat Ld Divd & Inc (LDP)	N	NA	14.23	NA	5.5

Fund Name (Symbol)	Stock Exch	NAV	Market Price	Prem /Disc	52 Week Market Return
Convertible Secs Funds					
Alliant Sel Com & Inc 2024 (CNY)-a	N	9.83	9.16	-6.8	6.0
AI Conv & Inc (NICV)-a	N	5.66	5.92	+4.6	-0.1
AI Conv & Inc (NICV)-a	N	5.07	5.21	+2.8	0.0
AI Conv & Inc (NICV)-a	N	23.23	22.72	-2.2	11.0
AI Conv & Inc (NICV)-a	N	23.64	21.75	-8.0	11.0
AI Conv & Inc (NICV)-a	A	24.45	21.34	-12.3	12.6
AI Conv & Inc (NICV)-a	N	NA	10.98	NA	2.1
AI Conv & Inc (NICV)-a	N	NA	10.39	NA	2.3
AI Conv & Inc (NICV)-a	A	11.12	9.75	-12.3	11.1
AI Conv & Inc (NICV)-a	N	5.43	5.22	-3.9	2.5
AI Conv & Inc (NICV)-a	N	9.47	8.92	-5.8	4.0
World Equity Funds					
Aberdeen Engr Mkt Engr (AEF)	A	5.74	5.47	-4.7	6.5
Aberdeen Engr Mkt Engr (AEF)	A	8.36	7.58	-9.3	-2.9
Aberdeen Engr Mkt Engr (AEF)	N	11.10	9.73	-12.3	0.3
Aberdeen Engr Mkt Engr (AEF)	N	8.13	6.96	-14.4	15.5
Aberdeen Engr Mkt Engr (AEF)	N	9.91	8.55	-11.0	3.5
Aberdeen Engr Mkt Engr (AEF)	N	NA	8.21	NA	0.4
Aberdeen Engr Mkt Engr (AEF)	T	38.10	35.20	-7.6	11.9
Aberdeen Engr Mkt Engr (AEF)	N	28.86	25.08	-13.1	8.9
Aberdeen Engr Mkt Engr (AEF)	N	NA	21.26	NA	-6.2
Aberdeen Engr Mkt Engr (AEF)	N	11.22	9.94	-11.4	-6.4
Aberdeen Engr Mkt Engr (AEF)	N	17.84	15.07	-15.6	-1.0
Aberdeen Engr Mkt Engr (AEF)	N	23.51	24.69	+5.0	6.4
Aberdeen Engr Mkt Engr (AEF)	T	153.12	NA	NA	NA
Aberdeen Engr Mkt Engr (AEF)	N	10.34	8.90	-13.9	8.3
Aberdeen Engr Mkt Engr (AEF)	N	15.45	13.80	-9.5	-2.6
Aberdeen Engr Mkt Engr (AEF)	N	16.05	14.50	-9.7	10.0
Aberdeen Engr Mkt Engr (AEF)	N	14.17	11.81	-16.7	10.2
Aberdeen Engr Mkt Engr (AEF)	N	8.32	8.41	+1.1	0.1
Aberdeen Engr Mkt Engr (AEF)	N	11.30	9.47	-18.2	5.6
Aberdeen Engr Mkt Engr (AEF)	O	7.62	5.97	-21.7	11.4
Aberdeen Engr Mkt Engr (AEF)	N	15.28	12.88	-15.7	NS
Aberdeen Engr Mkt Engr (AEF)	N	23.89	21.56	-9.8	-2.1
Aberdeen Engr Mkt Engr (AEF)	N	15.12	14.79	-2.2	9.5
Aberdeen Engr Mkt Engr (AEF)	N	7.75	7.04	-9.2	-11.5
Aberdeen Engr Mkt Engr (AEF)	N	NA	8.79	NA	-13.0
Aberdeen Engr Mkt Engr (AEF)	N	24.84	21.09	-15.4	5.4
Aberdeen Engr Mkt Engr (AEF)	N	17.43	15.65	-10.2	2.6
Aberdeen Engr Mkt Engr (AEF)	N	11.13	10.13	-9.0	-3.4
Aberdeen Engr Mkt Engr (AEF)	N	12.17	11.20	-7.8	8.0
Aberdeen Engr Mkt Engr (AEF)	N	NA	14.84	NA	-8.2
Aberdeen Engr Mkt Engr (AEF)	N	11.27	11.40	+1.2	14.1

Fund Name (Symbol)	Stock Exch	NAV	Market Price	Prem /Disc	52 Week Market Return
Mut Fund China (Symbol)					
MS ChinaStar (CAFJ)-J	N	26.45	24.21	-8.5	7.0
MS India (IFIL)	N	23.85	21.02	-11.8	-11.8
New Century (FSC)	N	18.51	17.02	-8.0	-11.9
New Holland (HFL)	N	11.23	9.39	-16.8	-13.8
RENN Fund (RNF)	N	NA	1.51	NA	8.4
RENN Fund (RNF)	N	12.22	10.39	-15.4	-14.0
Swiss Helvetia (SWZ)	N	8.79	7.58	-13.8	-20.0
Templeton Dragon (TDC)	N	23.01	24.09	+10.0	2.6
Templeton China (TCH)	N	17.95	15.37	-17.0	-11.6
United Capital Ltd (UNIC)-P	T	146.42	97.50	-34.3	-21.1
Virtual Global (ZF)-a	N	NA	9.90	NA	5.7
Wells Fargo Divd Oppy (EOD)	N	NA	5.28	NA	2.8
12-Month					
Fund Name (Symbol)	Stock Exch	NAV	Market Price	Prem /Disc	52/29/19
U.S. Mortgage Bond Funds					
BlackRock Income (BKY)-a	N	6.31	5.92	-6.2	6.4
BlackRock Income (BKY)-a	N	14.95	13.57	-9.2	5.3
BlackRock Income (BKY)-a	N	10.27	10.22	-0.5	5.8
BlackRock Income (BKY)-a	N	23.25	23.25	+0.0	7.3
BlackRock Income (BKY)-a	N	22.46	22.48	+0.1	6.7
BlackRock Income (BKY)-a	N	19.43	21.02	+8.2	14.6
Investment Grade Bond Funds					
BlackRock Bond (BKH)-a	N	14.34	13.38	-6.7	5.8
BlackRock Bond (BKH)-a	N	14.20	12.47	-12.2	6.4
BlackRock Bond (BKH)-a	N	13.59	13.00	-4.3	3.7
BlackRock Bond (BKH)-a	N	20.25	18.63	-7.9	-1.1
BlackRock Bond (BKH)-a	N	18.40	18.32	-0.4	4.5
BlackRock Bond (BKH)-a	N	14.84	13.80	-6.7	4.9
BlackRock Bond (BKH)-a	N	4.72	4.44	-5.9	7.6
BlackRock Bond (BKH)-a	N	4.05	3.75	-7.4	9.1
BlackRock Bond (BKH)-a	N	NA	11.09	NA	3.6
BlackRock Bond (BKH)-a	N	NA	10.73	NA	4.0
BlackRock Bond (BKH)-a	N	14.74	14.69	-0.3	4.6
BlackRock Bond (BKH)-a	N	14.01	13.15	-6.1	5.6
BlackRock Bond (BKH)-a	N	20.24	20.00	-1.2	4.4
Loan Participation Funds					
BlackRock Income (BKY)-a	N	20.14	NA	NA	NS
BlackRock Income (BKY)-a	N	NA	15.25	NA	8.8
BlackRock Income (BKY)-a	N	NA	NA	NA	NS
BlackRock Income (BKY)-a	N	NA	NA	NA	NS
BlackRock Income (BKY)-a	N	14.61	12.80	-12.4	6.6
BlackRock Income (BKY)-a	N	14.27	12.47	-12.0	6.3
BlackRock Income (BKY)-a	N	14.26	14.50	+1.6	6.5
BlackRock Income (BKY)-a	N	15.29	15.69	+3.5	10.6
BlackRock Income (BKY)-a	N	16.98	16.87	-0.5	8.7
BlackRock Income (BKY)-a	N	17.07	17.07	+0.0	8.5
BlackRock Income (BKY)-a	N	NA	18.71	NA	14.4
BlackRock Income (BKY)-a	N	9.57	9.31	-2.7	5.6
BlackRock Income (BKY)-a	N	15.50	15.54	+0.3	6.2
BlackRock Income (BKY)-a	N	17.50	15.20	-13.1	6.2
BlackRock Income (BKY)-a	N	15.05	13.36	-11.2	5.9
BlackRock Income (BKY)-a	N	7.13	6.29	-11.8	6.0
BlackRock Income (BKY)-a	N	NA	12.10	NA	6.0
BlackRock Income (BKY)-a	N	NA	8.88	NA	5.6
BlackRock Income (BKY)-a	N	14.35	14.61	+1.8	6.5
BlackRock Income (BKY)-a	N	12.68	11.16	-12.0	8.3
BlackRock Income (BKY)-a	N	4.80	4.29	-10.6	6.3
BlackRock Income (BKY)-a	N	8.69	7.98	-8.2	8.4
BlackRock Income (BKY)-a	N	17.50	15.20	-13.1	6.2
BlackRock Income (BKY)-a	N	NA	9.96	NA	7.3
BlackRock Income (BKY)-a	N	NA	9.96	NA	7.3
BlackRock Income (BKY)-a	N	NA	15.80	NA	7.3
BlackRock Income (BKY)-a	N	12.12	10.52	-12.4	8.9
BlackRock Income (BKY)-a	N	NA	15.82	NA	8.7
BlackRock Income (BKY)-a	N	11.05	9.64	-12.8	8.7
High Yield Bond Funds					
Aberdeen Inc Credit Str (ACP)	N	13.21	12.45	-5.8	11.8
Aberdeen Inc Credit Str (ACP)	N	13.21	12.45	-5.8	11.8
Aberdeen Inc Credit Str (ACP)	N	19.51	18.48	-5.3	9.3
Aberdeen Inc Credit Str (ACP)	N	11.75	10.39	-11.6	9.3
Aberdeen Inc Credit Str (ACP)	N	14.82	14.82	+0.0	9.3
Aberdeen Inc Credit Str (ACP)	N	NA	22.14	NA	11.0
Aberdeen Inc Credit Str (ACP)	N	2.61	2.54	-2.7	9.5
Aberdeen Inc Credit Str (ACP)	N	4.65	4.13	-11.2	9.5
Aberdeen Inc Credit Str (ACP)	N	NA	26.32	NA	9.1
Aberdeen Inc Credit Str (ACP)	N	9.87	8.65	-5.5	9.1
Aberdeen Inc Credit Str (ACP)	N	8.39	7.90	-5.6	5.4
Aberdeen Inc Credit Str (ACP)	N	13.69	13.69	+0.0	8.8
Aberdeen Inc Credit Str (ACP)	N	13.69	13.69	+0.0	8.8
Aberdeen Inc Credit Str (ACP)	N	2.59	2.60	+11.2	8.8

A look at Barron's CEF pages- 2nd CEF Page

April 15, 2019

BARRON'S

M33

Weekly Closed-End Funds

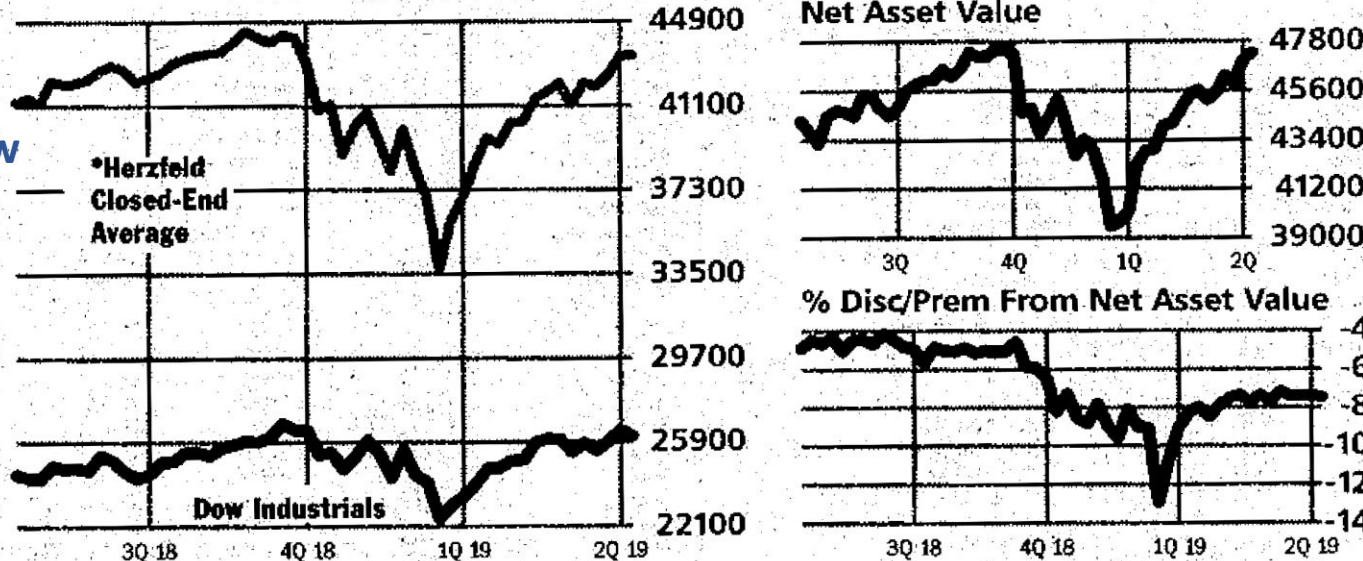
Data provided by **LIPPER** [illegible]

A Closer Look at the Data- What can we learn?

Weekly Closed-End Funds

TRACKING CLOSED - END FUNDS

Barely Budging: The Herzfeld Closed End Fund Average rose by a small fraction of one percent last week while the Dow was down ever so slightly. The discount on the closed fund average was 7.48 as of Thursday's close.



The Herzfeld CEF Average



Est 28% From Low

The Dow



~ 16% From Low

CEF NAV



Est + 21% From Low

% Discount/Premium

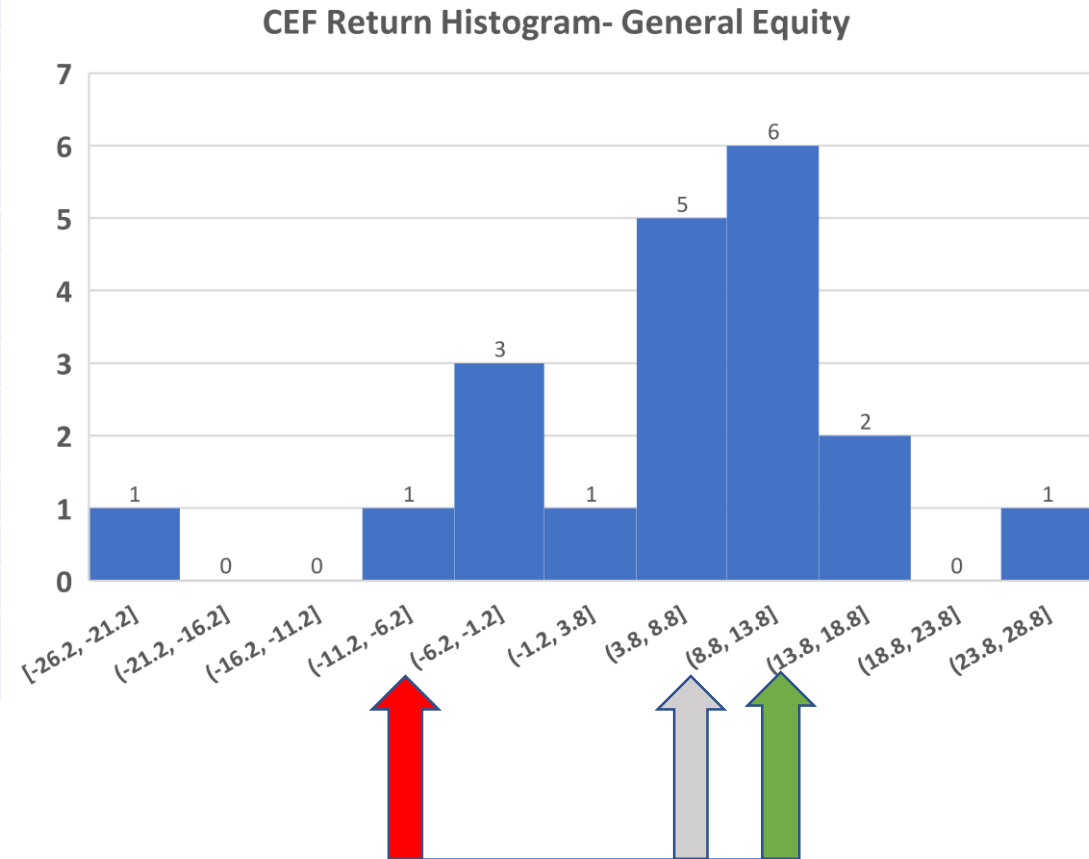


Average Discount 7.48

The Herzfeld Closed-End Average measures 15 equally-weighted closed-end funds based in the U.S. that invest principally in American equities. The net asset value is a weighted average of the funds' NAVs. Source: Thomas J. Herzfeld Advisors Inc., Miami. 305-271-1900/www.herzfeld.com

Scoring General Equity CEF Funds- Barron's Data

Worst Discount	-17.2
Highest Prem	2.0
Spread	19.2
Average Return	5.46
Worst Return	-26.2
Prem/Disc	n/a
Ticker	EQS
Provider	EQUISS
Prime Asset Class	Stocks
Best Return	27.2
Prem/Disc	-3.1
Ticker	HTD
Provider	J Hancock
Prime Asset Class	Stocks
Return Dispersion	Wide

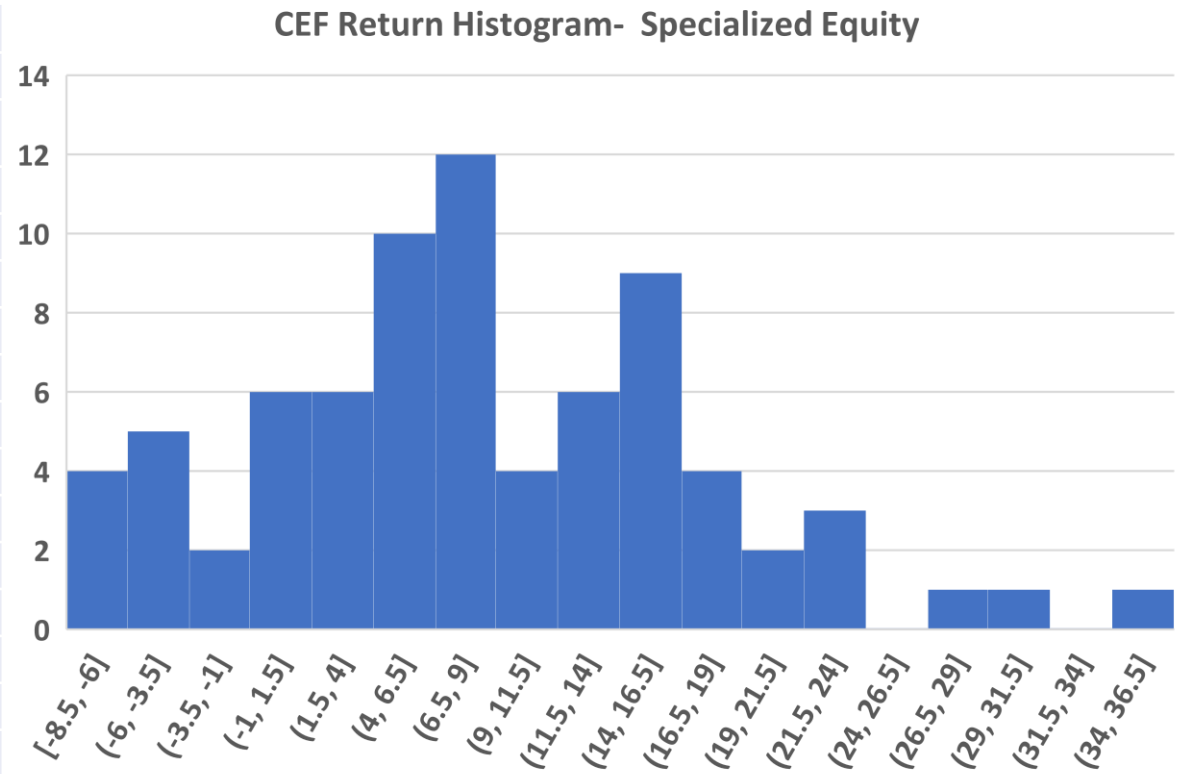


Conclusion- Some Risk, Chose Carefully.

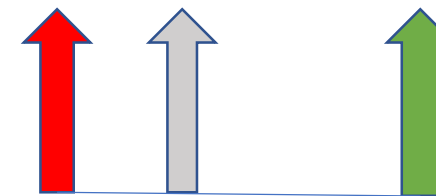
Grey- Average Return
Green- + 1 Std Deviation
Red- - 1 Std Deviation

Scoring Specialized Equity CEF Funds- Barron's Data

Worst Discount	-21.2
Highest Prem	40.1
Spread	61.3
Average Return	8.9
Worst Return	-11.6
Prem/Disc	7.5
Ticker	NDP
Provider	Tortoise
Prime Asset Class	Energy Stocks
Best Return	34.5
Prem/Disc	40.1
Ticker	GUT
Provider	Gabelli
Prime Asset Class	Utility Stocks
Return Dispersion	Wide



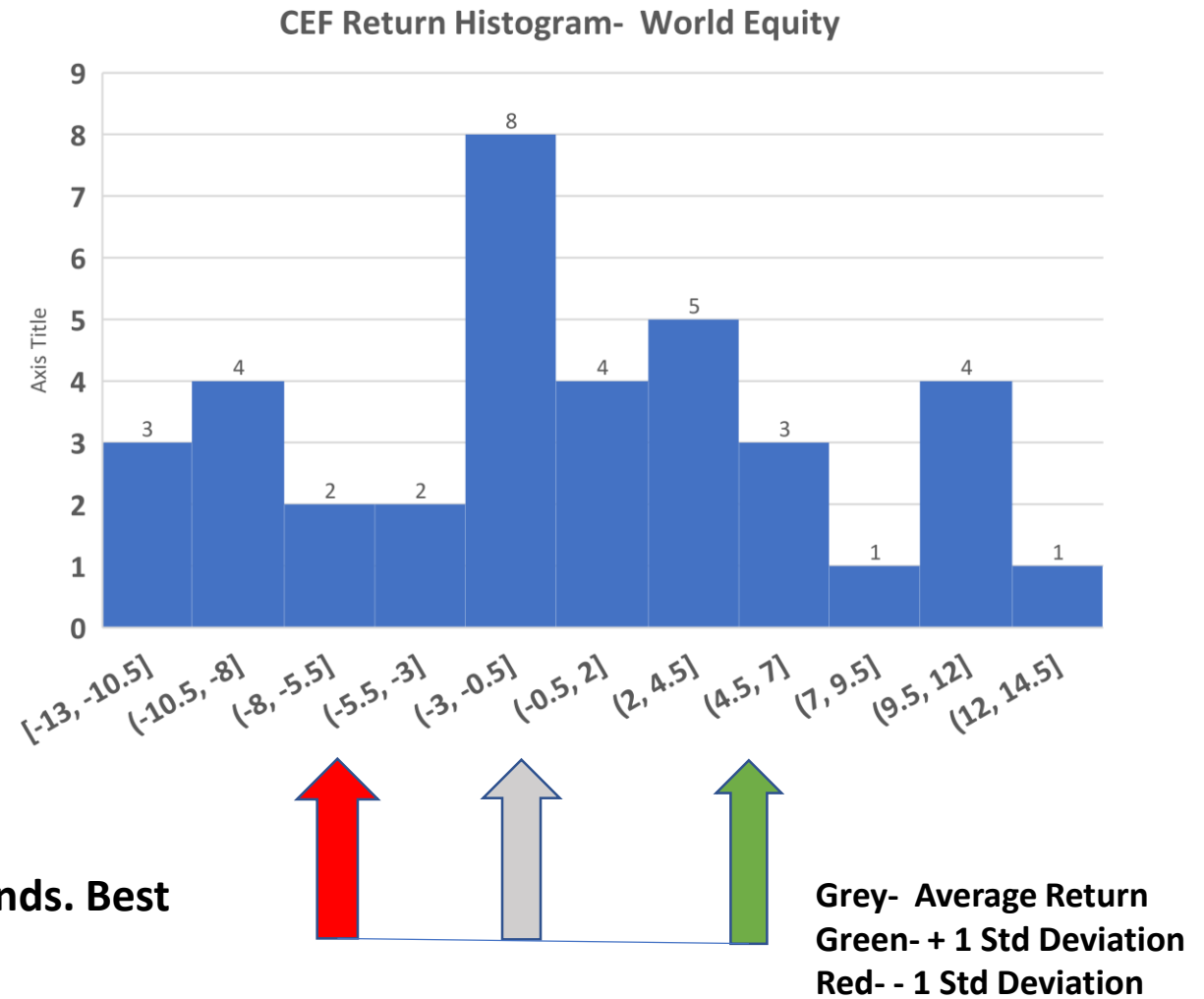
For the most part these are sector funds & follow the sector



Grey- Average Return
Green- + 1 Std Deviation
Red- - 1 Std Deviation

Scoring World Equity CEF Funds- Barron's Data

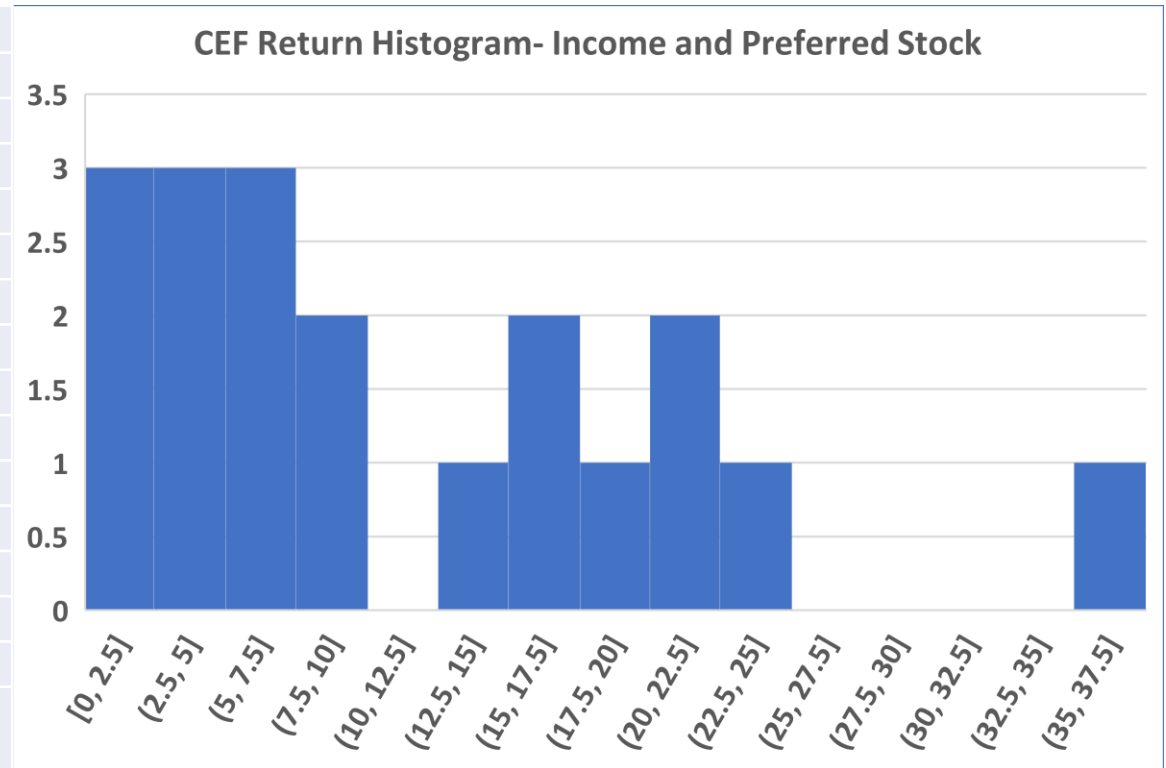
Worst Discount	-34.3
Highest Prem	5
Spread	39.3
Average Return	-0.29
Worst Return	-15.6
Prem/Disc	-14.4
Ticker	JEQ
Provider	Aberdeen
Prime Asset Class	Japan Equity
Best Return	14.1
Prem/Disc	1.2
Ticker	HIE
Provider	Miller/Howard
Prime Asset Class	4 Key Sectors
Return Dispersion	Wide



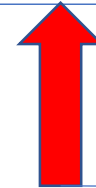
Last year was not positive for Country specific funds. Best Fund is US/Canada specific

Scoring Income and Preferred CEF Funds- Barron's Data

Worst Discount	-23.7
Highest Prem	16.1
Spread	39.8
Average Return	11.68
Worst Return	0
Prem/Disc	-23.7
Ticker	DNI
Provider	Dividend and Income
Prime Asset Class	All Sector SP 500
Best Return	36.4
Prem/Disc	16.1
Ticker	DDF
Provider	Delaware Investments
Prime Asset Class	High Yld Bonds & Lg Cap Value
Return Dispersion	Spread



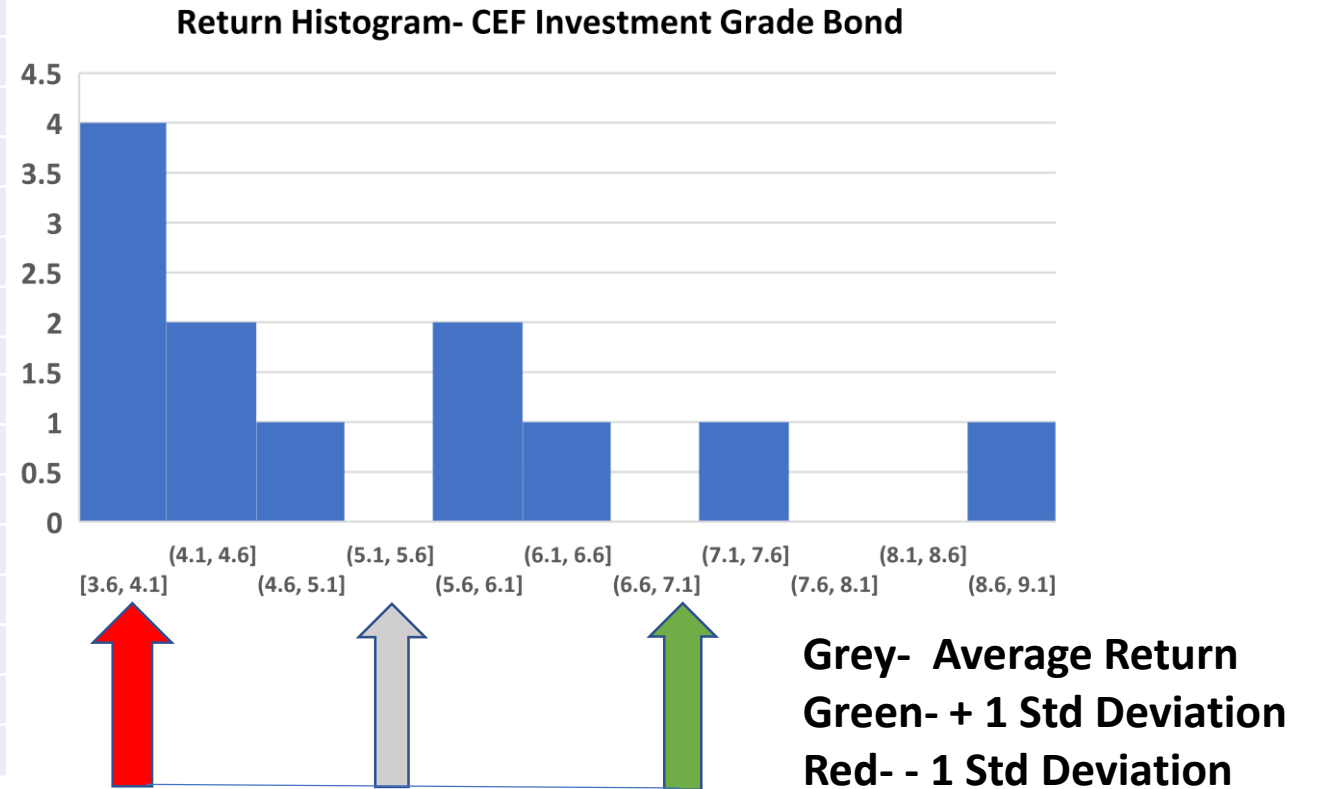
Looks fairly safe- NONE NEGATIVE, rates stable



Grey- Average Return
Green- + 1 Std Deviation
Red- - 1 Std Deviation

Scoring Investment Grade CEF Funds- Barron's Data

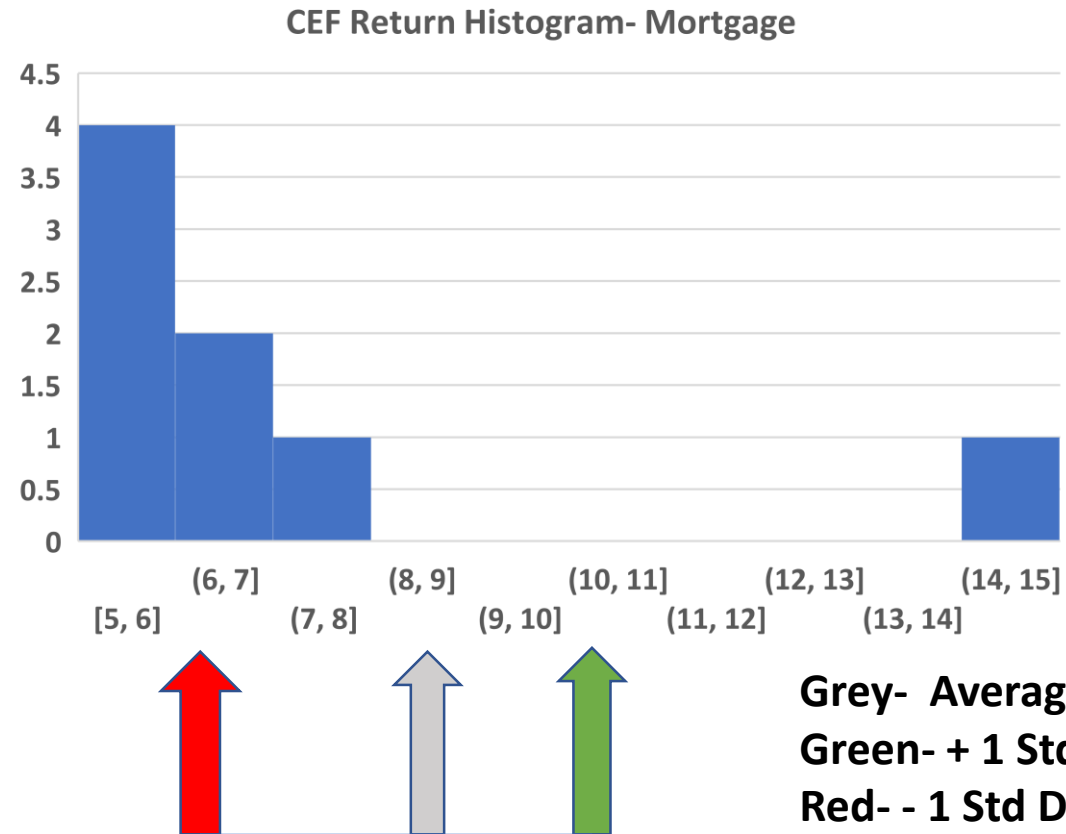
Worst Discount	-12.2
Highest Prem	-1.2
Spread	11
Average Return	5.34
Worst Return	3.7
Prem/Disc	-4.3
Ticker	EGF-a
Provider	Blackrock
Prime Asset Class	US Treasury & Agency
Best Return	9.1
Prem/Disc	-7.4
Ticker	MIN
Provider	MFS
Prime Asset Class	Intermediate US Treasury
Return Dispersion	Tight



NO NEGATIVE RETURNS- Beats IEI & IEF UST Vanilla Funds

Scoring Mortgage CEF Funds- Barron's Data

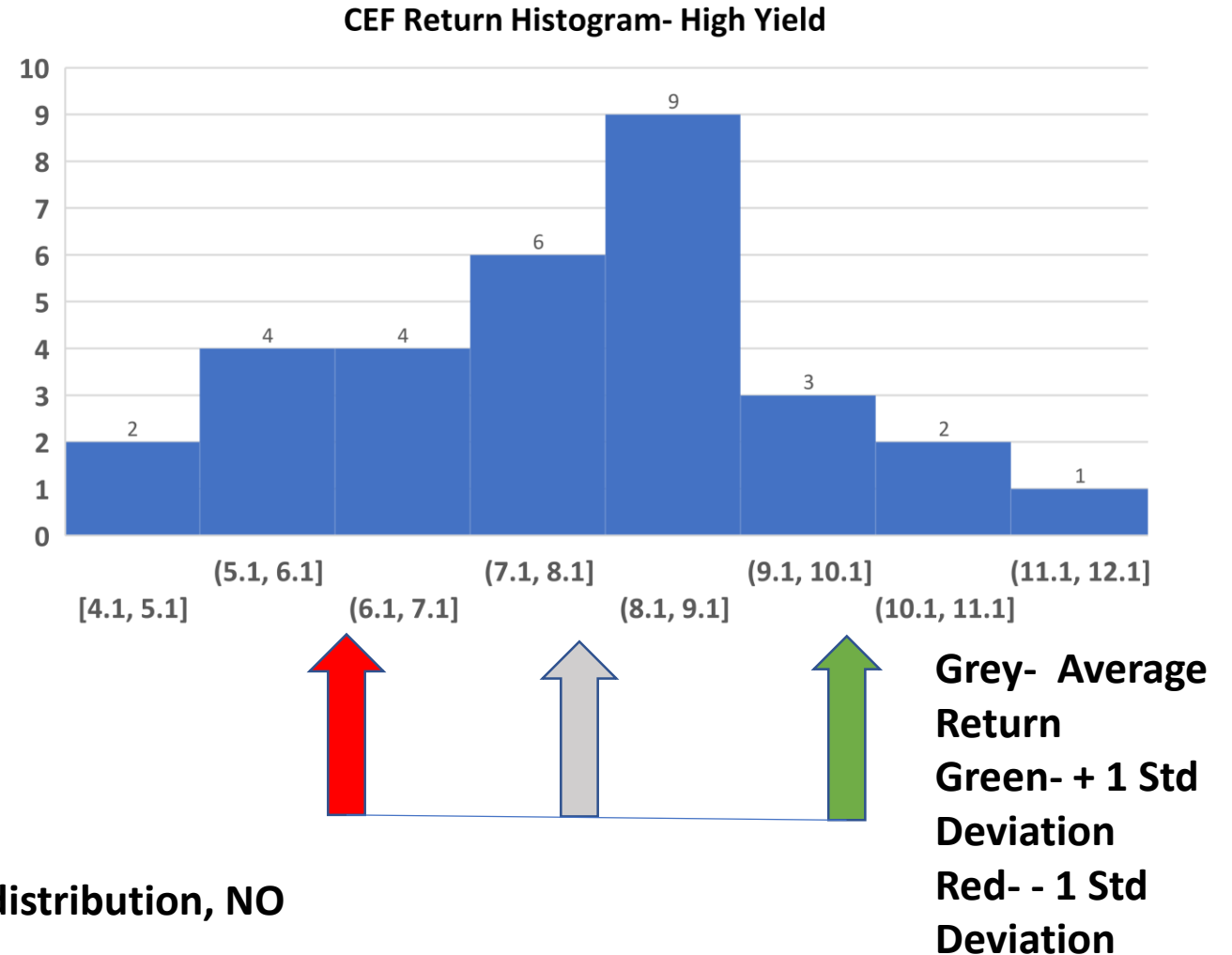
Worst Discount	-9.2
Highest Prem	8.2
Spread	17.4
Average Return	7.09
Worst Return	5
Prem/Disc	n/a
Ticker	JMM-ac
Provider	Nuveen
Prime Asset Class	Asset Backed Mort & Corp Bonds
Best Return	14.6
Prem/Disc	8.2
Ticker	DMO
Provider	Western
Prime Asset Class	Alt-A, Sub Prime, Option ARM, CMBS
Return Dispersion	Spread



No Negative returns

Scoring High Yield CEF Funds- Barron's Data

Worst Discount	-16.5
Highest Prem	1.7
Spread	18.2
Average Return	7.88
Worst Return	4.1
Prem/Disc	-1
Ticker	JHD-a
Provider	Nuveen
Prime Asset Class	2019 BB/B Corp Bond
Best Return	11.8
Prem/Disc	-5.8
Ticker	ACP
Provider	Aberdeen
Prime Asset Class	Lower Rated Stocks
Return Dispersion	Tight



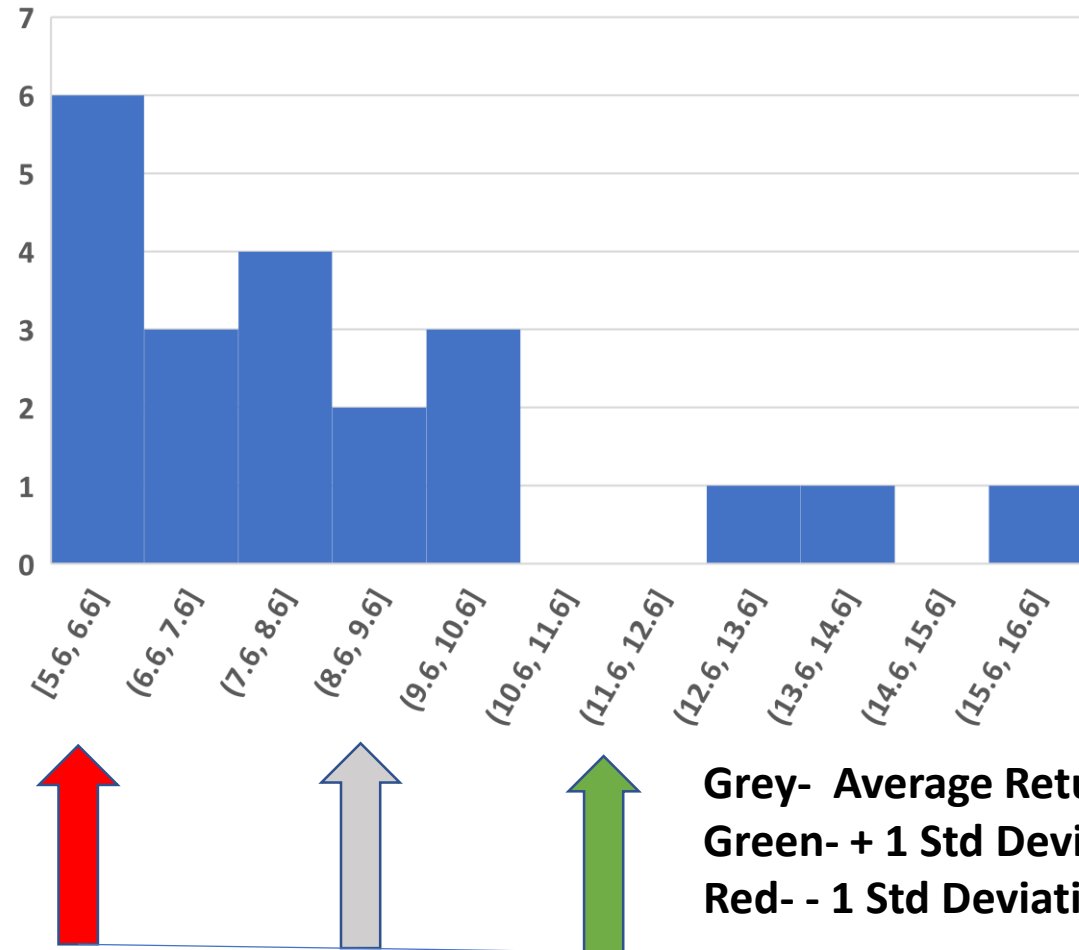
Great as long as the economy holds up. Good distribution, NO NEGATIVE RETURNS

Scoring World Income CEF Funds- Barron's Data

Worst Discount	-13.5
Highest Prem	3.1
Spread	10.4
Average Return	8.66
Worst Return	5,8
Prem/Disc	-10.9
Ticker	GFY
Provider	Western Asset
Prime Asset Class	Hi Yld Corp Bonds
Best Return	16.5
Prem/Disc	30
Ticker	EDF
Provider	Stone Harbor
Prime Asset Class	Sovereign Emerging Market Bonds
Return Dispersion	Spread

EM Sovereigns in Local Currency- NO NEGATIVE RETURNS

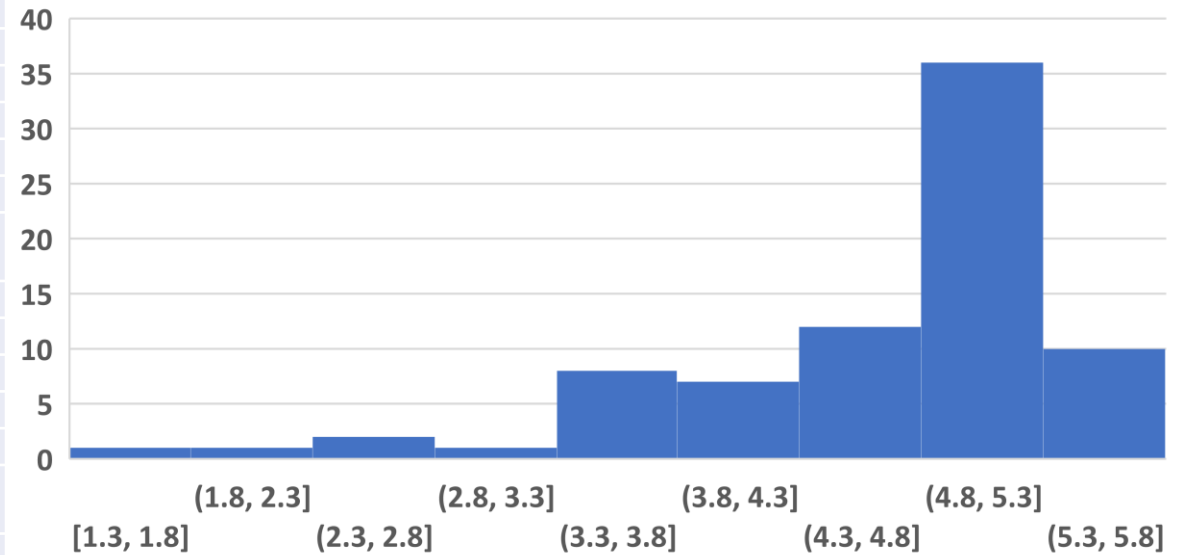
CEF Return Histogram- World Income Funds



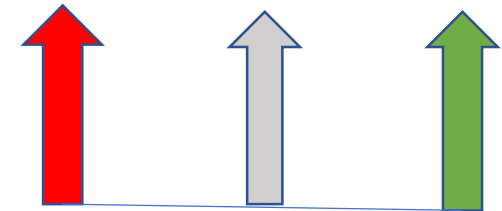
Scoring National Muni CEF Funds- per Barron's

Worst Discount	-12.6
Highest Prem	6.8
Spread	19.4
Average Return	4.7
Worst Return	1.9
Prem/Disc	-1.4
Ticker	NHA-a
Provider	Nuveen
Prime Asset Class	2021 Muni & Tax Exempt Corp
Best Return	5.6
Prem/Disc	n/a
Ticker	MAV
Provider	Pioneer
Prime Asset Class	National Muni Bonds
Return Dispersion	Tight

CEF Return Histogram National Muni



Grey- Average Return
 Green- + 1 Std Deviation
 Red- - 1 Std Deviation

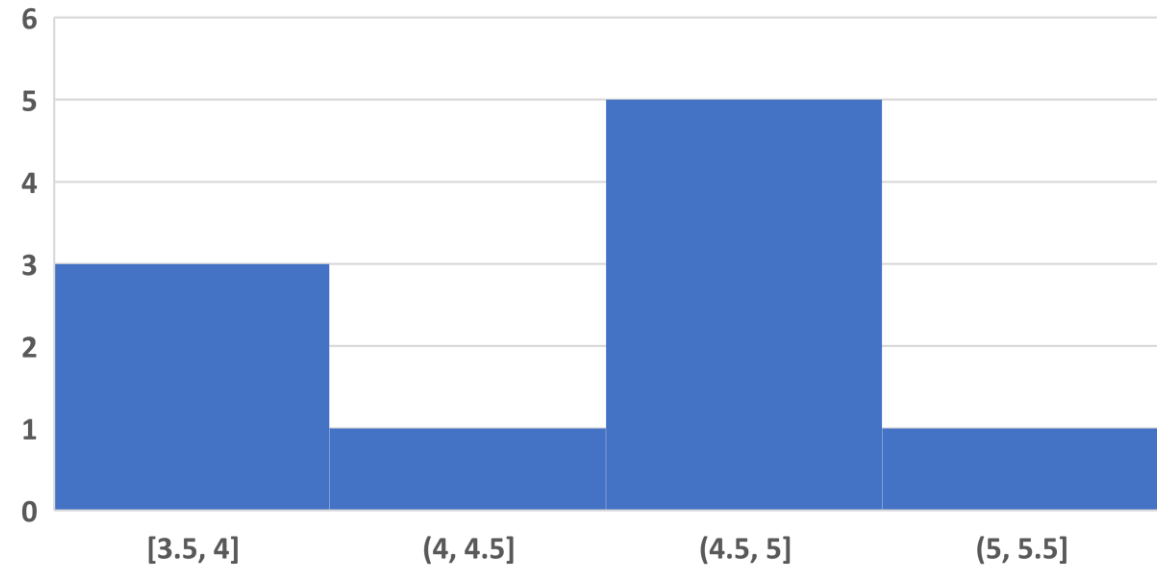


Muni & Corp Tax Exempts- NO NEGATIVE RETURNS

Scoring Single State Muni CEF- Ca only

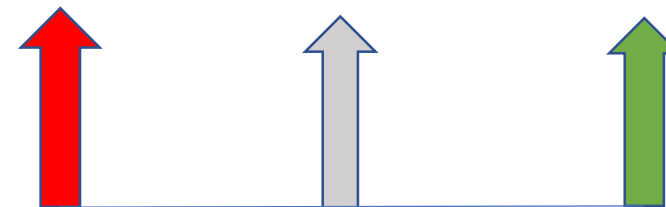
Worst Discount	-13.6
Highest Prem Spread	6.2
Average Return	4.42
Worst Return	3.5
Prem/Disc	-6.4
Ticker	NCA-a
Provider	Nuveen
Prime Asset Class	CA Muni
Best Return	5.1
Prem/Disc	0
Ticker	NBW/ PCQ
Provider	Neuberger Neuman/Pimco
Prime Asset Class	Ca Muni Bonds
Return Dispersion	Tight

CEF Return Histogram- CA Muni



No Negative Returns

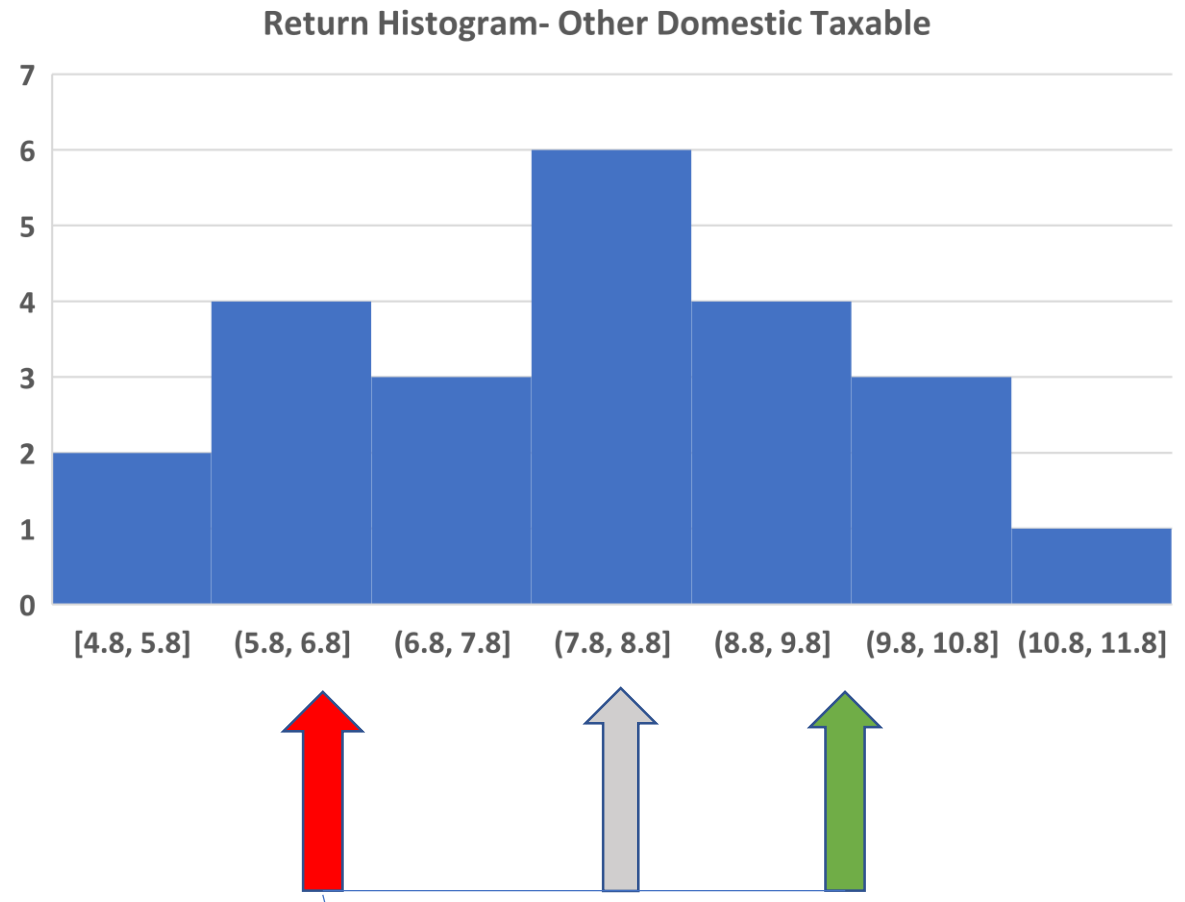
Grey- Average Return
Green- + 1 Std Deviation
Red- - 1 Std Deviation



Scoring Other Domestic Taxable CEF Funds- per Barron's

Worst Discount	-13.8
Highest Prem	-3.3
Spread	-10.5
Average Return	8.26
Worst Return	4.8
Prem/Disc	-7.1
Ticker	DUC-a
Provider	Duff & Phelps
Prime Asset Class	BBB Bonds/ Financials/ Util/ MLP
Best Return	11.6
Prem/Disc	-7.1
Ticker	FTF
Provider	Franklin Templeton
Prime Asset Class	Bank Loans/Hi Yld Corp/Agency Bonds
Return Dispersion	Tight

Very good statistical distribution. NO NEGATIVE RETURNS. My PTY & PFN are in this basket



Identifying Key Data about a CEF

- It is extremely important to know what you are buying UPFRONT
- Look in the FACT SHEET before buying to see asset class holdings etc
- Key CEF Data includes>
 **PREM/DISC/HOLDINGS/DISTRIBUTIONS/LEVERAGE/TRACK
 RECORD/AVG DAILY VOLUME**
- Searching on Yahoo gives a menu for most fund tickers that has “Holdings”
- Example SPY (Most common SP 500 ETF)
- Gives some key data- Sector Distribution & Top 10 holdings
- But for a Typical CEF “Holdings” is not in the menu- you get “Financials”
- To Identify content you will likely need to search for the FACT SHEET
- Expect to find high expense fees- my key is TOTAL RETURN

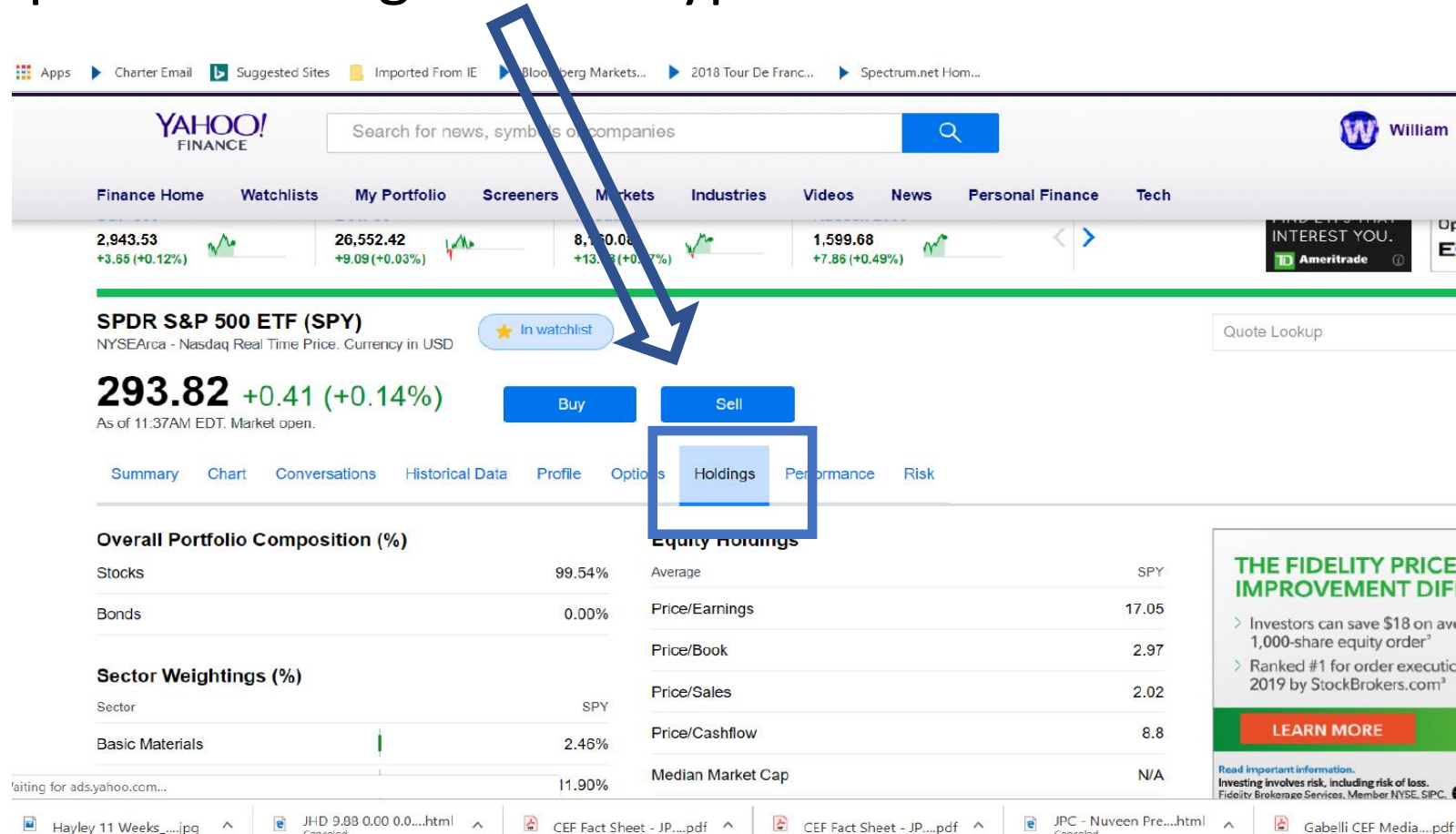
CEF Volume is a Factor in Selection

- HTD Vol approx. 50K/day/ DDF Vol approx. 18K/day/ SPY about 69M/Day
- Q: Why does it matter? A: Bid Ask spread
- But HTD especially has shown resilience in the face of volatility



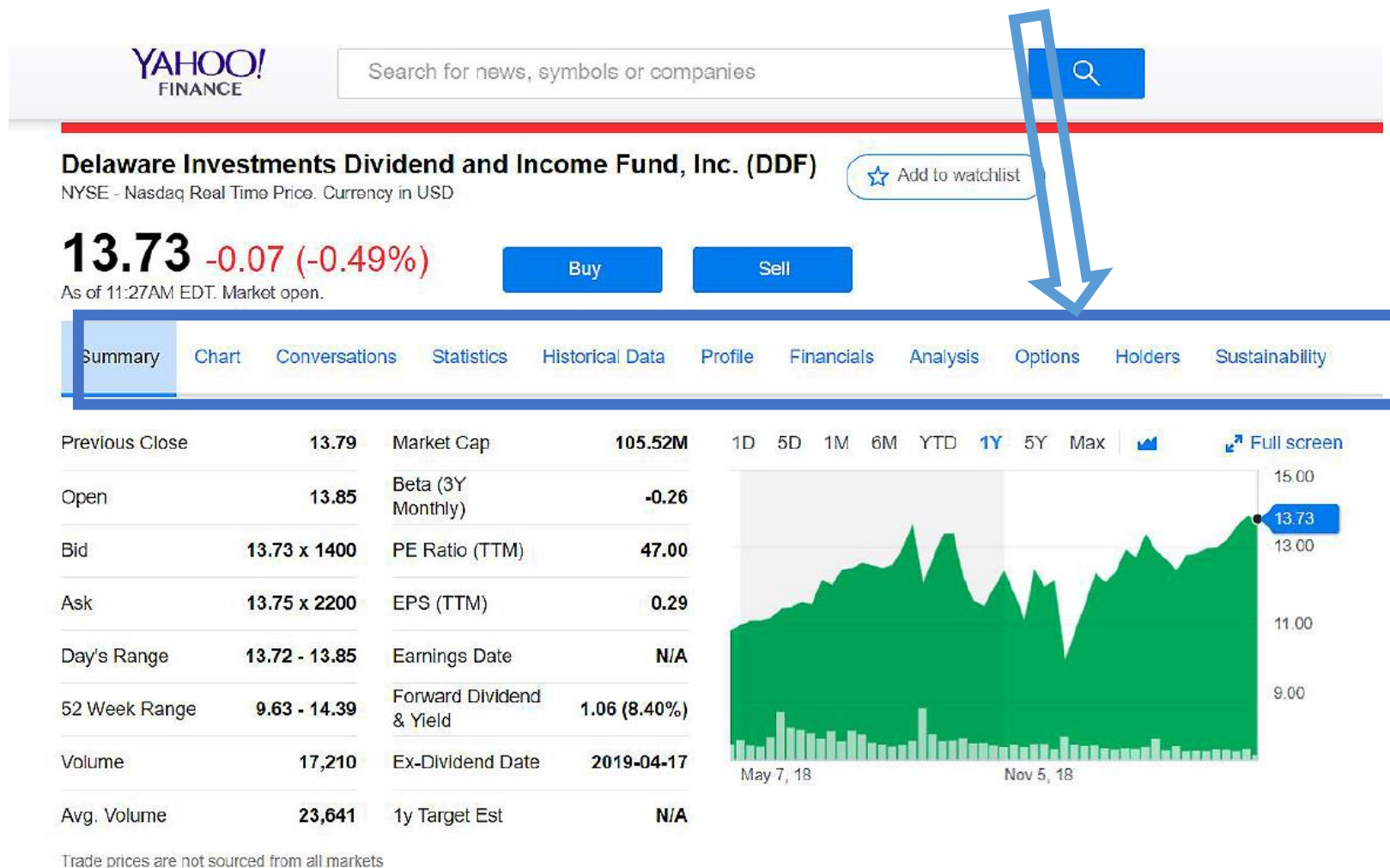
SPY Yahoo Display

- Note the “Holdings” Tab in the display- brings up sector distribution and Top TEN holdings. This is typical of most tickers.



DDF CEF Yahoo Display

- Note- “HOLDINGS” is not in the Menu



DDF Fact Sheet Page 2 Data

- To find content get the Fact Sheet. This top performer is well diversified

Holdings Display

Delaware Investments® Dividend and Income Fund, Inc.

Fact sheet • December 31, 2018

Portfolio

Top 5 common stocks

Verizon Communications Inc.	2.08%
Pfizer Inc.	2.05%
Edison International	1.99%
Marsh & McLennan Cos Inc.	1.92%
Bank of New York Mellon Corp.	1.91%

Top 5 convertible securities

Vector Group Ltd.	0.24%
El Paso Energy Capital Trust	0.20%
A Schulman Inc.	0.18%
Helix Energy Solutions Group Inc.	0.18%
Bank of America Corp.	0.17%

Top 5 corporate bonds

Scientific Games International Inc.	0.48%
Ashtead Capital Inc.	0.46%
Murphy Oil Corp.	0.45%
GEO Group Inc.	0.44%
Zekelman Industries Inc.	0.39%

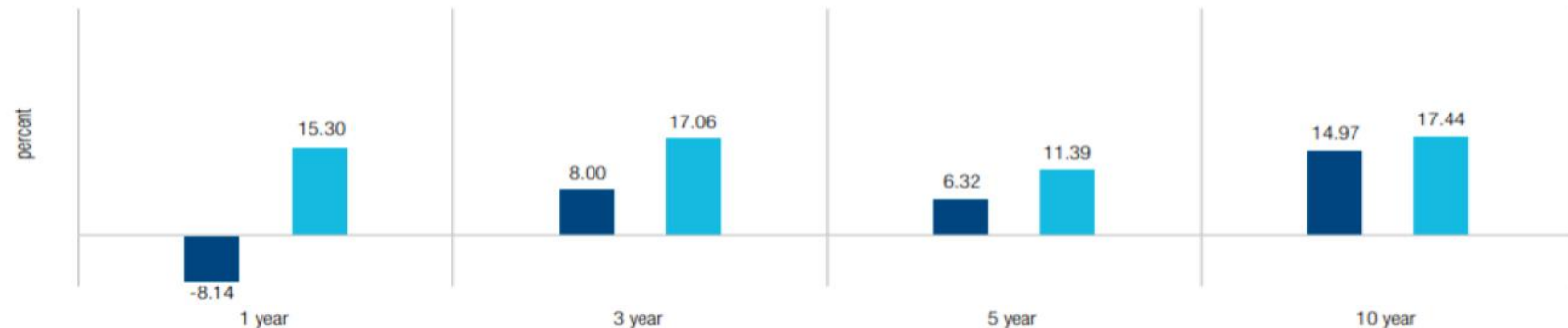
Top 5 sectors

Pharmaceuticals	10.53%
REITS	8.36%
Oil & gas	8.25%
Telecommunications	6.79%
Banks	5.35%

Average annual total returns (%) as of December 31, 2018

■ Fund (at NAV)

■ Fund (at Market)



The performance quoted represents past performance and does not guarantee future results. Investment return, principal value, and market value of an investment will fluctuate so that shares may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted.

A Testimonial on CEF

- **Introducing my former IBM associate and great investor- Dave Sloan**
- **His 2018 CEF results**
- **His “Preferred” investment style**
- **How much to invest in CEF**
- **Why Dave uses CEF in his portfolio**
- **Suggested CEF asset class**

CEF Resources

- **Barron's Weekly Fund Section**
- **Closed End Fund Center**
 - <https://www.cefa.com/IndustryNews/default.fs>
 - <https://www.cefa.com/FundSelector/Content/default.fs>
- **CEF Channel**
 - <https://www.cefchannel.com/etfs/>
- **CEF Connect (Nuveen)**
 - <https://www.cefconnect.com/>
- **CEF Analyzer**
 - <https://cefalyzer.com/>
- **Morningstar**
 - <http://screen.morningstar.com/cef-quick-rank/>

CEF Resources

- **Blackrock**
 - <https://www.blackrock.com/us/individual/education/closed-end-funds>
- **Seeking Alpha**
 - <https://seekingalpha.com/article/4257669-uncovering-shadow-high-yielding-closed-end-funds>
 - <https://seekingalpha.com/article/4258027-weekly-closed-end-fund-roundup-fax-cuts-big-nhf-rights-offering-announced>
- **Forbes- How to find Bargains in Closed End Funds**
 - <https://www.forbes.com/sites/baldwin/2019/05/02/how-to-find-bargains-in-closed-end-funds/#7f72df3828c2>
- **Forbes- How to find Closed End Fund Bargains**
 - <https://www.forbes.com/closed-end-funds/#1c240381225c>
- **Forbes- CEF Energy Partnerships**
 - <https://www.forbes.com/sites/baldwin/2019/05/02/closed-end-funds-energy-partnerships/#39497e386d59>
- **Forbes- CEF- Junk Bonds**
 - <https://www.forbes.com/sites/baldwin/2019/05/02/closed-end-funds-junk-bonds/#b9ad3c04907a>
- **Forbes- International CEF**
 - <https://www.forbes.com/sites/baldwin/2019/05/02/closed-end-funds-international/#7ffc0d9f2b49>
 - <https://contrarianoutlook.com/why-you-need-to-invest-in-closed-end-funds/>

Contrarian Outlook

CFA ANALYZER

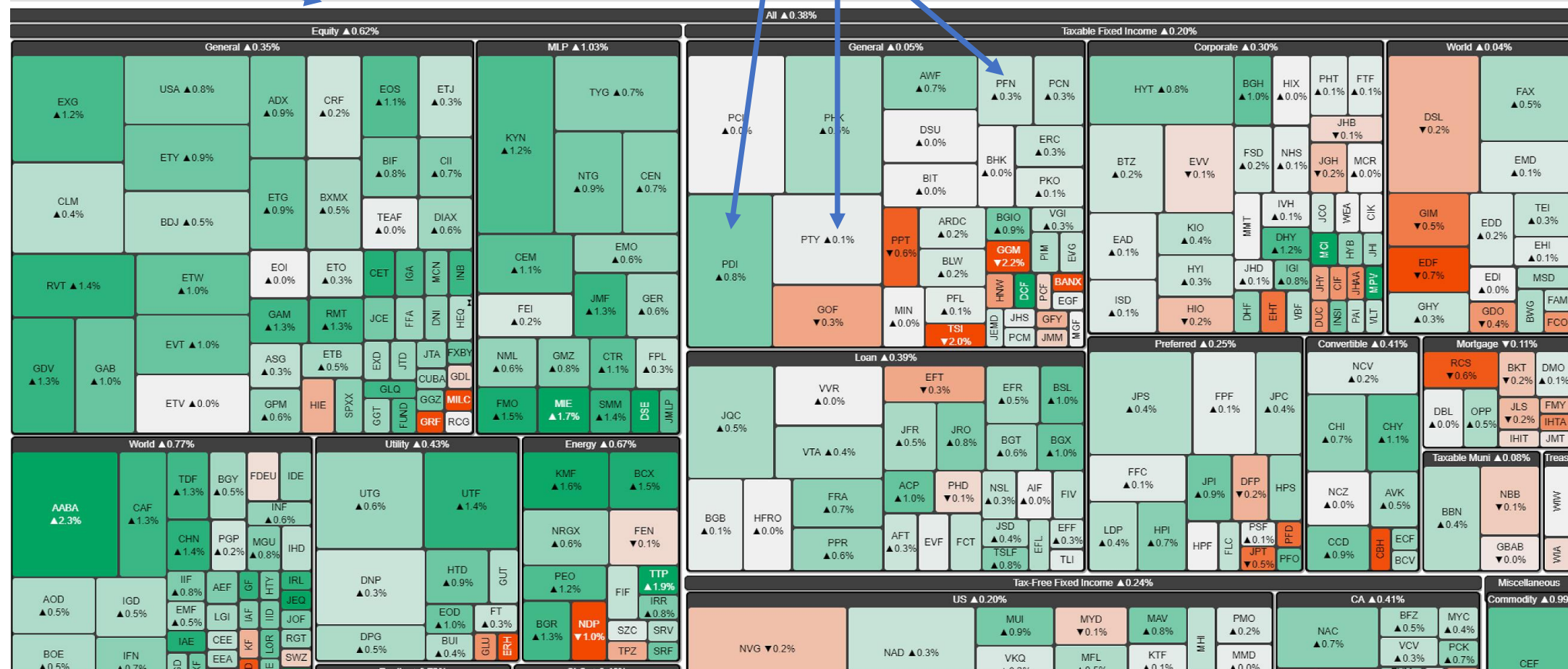
- **Key tools >**
 - **Ticker search**
 - **Screener**
 - **Heat Map**
 - **Watch Lists**
 - **Distributions**

CFA ANALYZER- Heat Map P1- 05032019- Massive RISK ON

Data> Ticker/Color proportional to daily return/Relative size/Hover cursor to get key parameters

CEF Category

(PDI/PTY/PFN)



CFA ANALYZER- Heat Map P2- 05032019- Massive RISK ON

AABA (Altaba) + DATA (Hover Cursor)



Last updated May 3rd 2019, 8:00:00 pm. Market data delayed several minutes. Icons made by [Flaticon](http://www.flaticon.com) from www.flaticon.com is licensed by CC 3.0 BY

Summary

- CEF cover a wide scope of asset classes and returns can be quite good
- Many resources are available to research and select what's working
- 2018 Equity CEF have wide dispersion
- 2018 CEF fixed income returns quite good
- The current environment has been positive- but stay in touch with events
 - CEF are moved as the market is responding to events
 - Consider Fed day- Market disappointed with no outlook for a rate cut
 - Rates stable and down from last years highs
 - Consider very positive Non Farm Payrolls and GDP looking great
 - Consider mfg orders slumping
 - Some key risks to consider>
 - Trade policy re China- Potential Tariffs vs collapse of trade talks
 - Europe- Brexit unresolved/France yellow Vests
 - Other Geo political risks- Iran/Vz/Oil

Backup

- **Leverage**
- **Loan Participation Funds**
- **Continuously offered CEF**
- **Funds of Funds**
- **Books on CEF**
- **Premium Discount track**

Leverage- Courtesy of Chad Grey + some mods by WLJ

- About 75% of CEFs use leverage to amplify income and returns (23% on average)
- Limit of 1.5x to 2.0x leverage “33%” or “50%” in 40-act terms (confusing convention)
- Generally inexpensive, tax efficient way to borrow
- Structural leverage- Preferred stock, bank debt, private notes
- Portfolio leverage- Repos, short sale proceeds, derivatives
- Discounts may create the best kind of leverage- understand why the discount exists
- Amplification of gains, losses, and income
- Example of leveraged portfolio ...
 - In the event of a 30% decline in portfolio value... Assets Stocks \$200 Liabilities Bank Note \$30 Preferred \$30 Equity Net Assets \$140 Gross Assets \$200 Leverage (40-act) 0.30 Leverage (common sense) 0.43 Assets Stocks \$140 Liabilities Bank Note \$30 Preferred \$30 Equity Net Assets \$80 Gross Assets \$140 Leverage (40-act) 0.43 Leverage (common sense) 0.75 ...
 - The fund would be forced to liquidate \$7 Assets Stocks \$133 Liabilities Bank Note \$23 Preferred \$30 Equity Net Assets \$80 Gross Assets \$133 Leverage (40-act) 0.40 Leverage (common sense) 0.66
 - -----
 - Also see <https://seekingalpha.com/article/4161927-stable-yield-closed-end-funds-term-cef-ladder>

Loan Participation Fund

- Mutual fund that invests in loans with higher-than-normal interest rates, made usually to stable and successful firms that have low credit-ratings because of their age, industry, or other factors. Although such loans are not investment-grade, they are secured by the firm's assets, and therefore are of higher quality than the junk bonds. Due to their high interest earnings, loan participation funds are able to offer higher-yields than the investment-grade funds. **Also called floating rate fund.**

Read more: <http://www.businessdictionary.com/definition/loan-participation-fund.html>

“Continuously Offered CEF” = Interval Funds (Not Covered)

- Interval Funds >>
- An interval fund is a type of [investment company](#) that periodically offers to repurchase its shares from shareholders. That is, the fund periodically offers to buy back a stated portion of its shares from shareholders. Shareholders are not required to accept these offers and sell their shares back to the fund.
- Legally, interval funds are classified as [closed-end funds](#), but they are very different from traditional closed-end funds in that:
- Their shares typically do not trade on the secondary market. Instead, their shares are subject to periodic repurchase offers by the fund at a price based on [net asset value](#).
- They are permitted to (and many interval funds do) continuously offer their shares at a price based on the fund's net asset value.
- An interval fund will make periodic repurchase offers to its shareholders, generally every three, six, or twelve months, as disclosed in the fund's prospectus and annual report. The interval fund also will periodically notify its shareholders of the upcoming repurchase dates. When the fund makes a repurchase offer to its shareholders, it will specify a date by which shareholders must accept the repurchase offer. The actual repurchase will occur at a later, specified date.

<https://www.sec.gov/fast-answers/answersmfinterhtm.html>

CEF that hold CEF- “Funds of Funds”

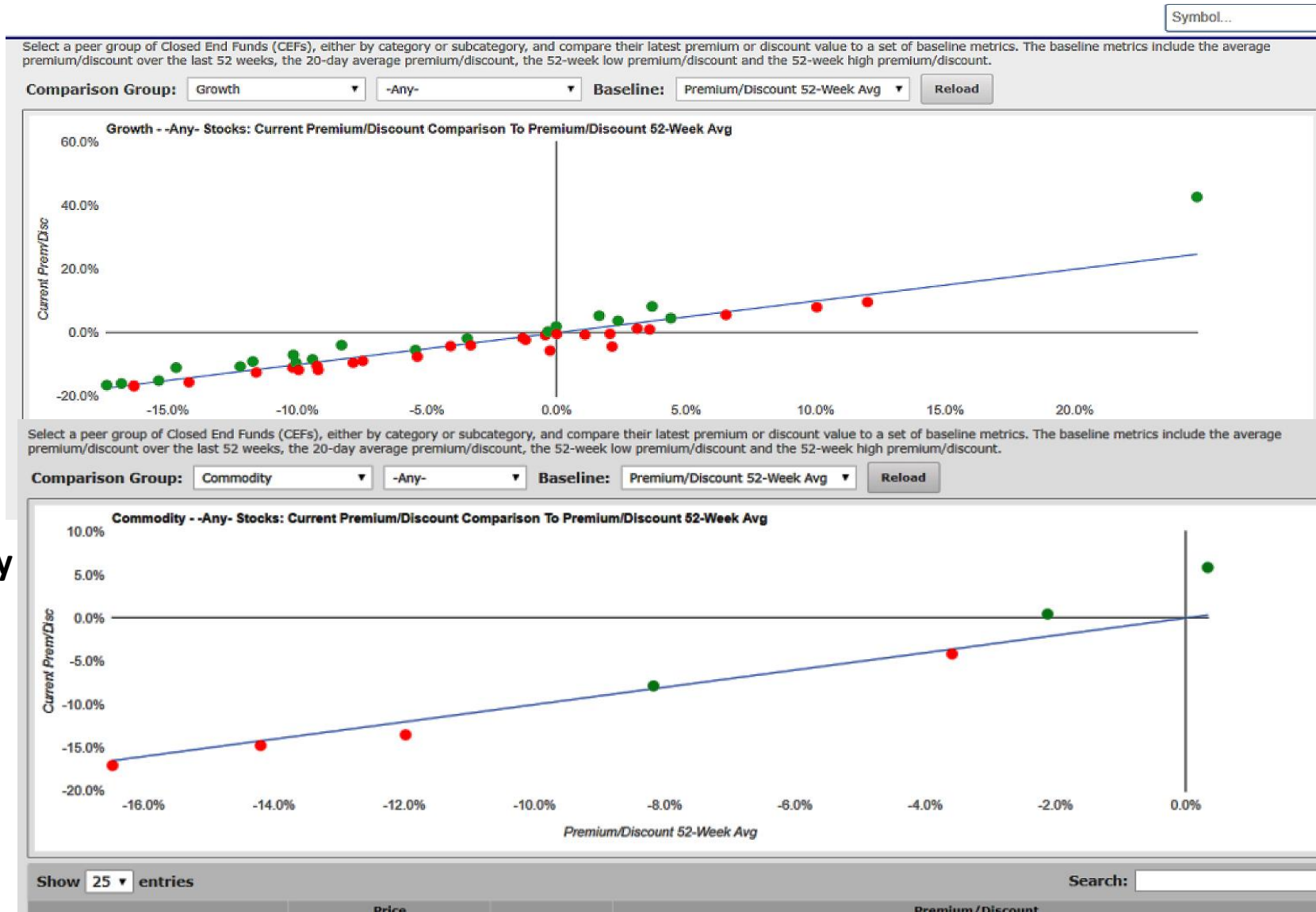
- **Several CEF Including exchange traded funds and/or CEF**
- **PCEF= PCEF includes a broad index of CEFs**
- **YYY= YYY includes 30 high-yield CEFs that rank highly for liquidity, yield, and discount to net asset value.**
- **FCEF= Includes CEFs as its underlying holdings. FCEF is considered an 'actively managed' ETF**
- **All three under perform the SP 500 and have limited life**

Books on CEF- available on Amazon

- **Note- Some of the below were written in the early 80's and are quite costly. One alternative is to borrow from a library using "World Cat"**
- **Thomas Herzfeld**
 - Author of 3 or 4 focused on CEF
 - Also creator of the CEF index
- **Frank Cappiello**
 - Author of 3 or 4 focused on CEF

Premium/Discount over 52 Weeks

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