

## CEF Monthly: November 2014

## Nearing the End of a Decent Year in CEFs

Falling oil prices buffet some CEFs, but many have turned out strong returns so far this year.

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Oil prices continued to slide in November, partly because of OPEC's late-November decision not to limit its oil production. The decline in oil has affected high-yield bond closed-end funds alongside energy, MLP, and related CEFs. The percentage of energy companies in the junk-bond market has increased over the past few years as the shale boom in the United States significantly increased that sector's need for capital. Energy firms make up more than 15% of the Barclay's U.S. Corporate High Yield Bond Index today, compared with just 6% in 2007.

During November, the Federal Reserve kept interest rates steady but noted concerns over global growth. Some interpreted this as a signal that the Fed may delay its plan to hike rates next year should the global economic picture remain dim. Disappointing Black Friday sales added to investors' concerns, pushing the long end of the yield curve lower over the month.

**Exhibit 1**

Best and Worst Category Share Price Returns

Data as of 11/30/2014

Source: Morningstar

by Share Price	Best and Worst Categories									
	Morningstar Category		1-Mo Price	1-Mo NAV	YTD Price	YTD NAV	1-Yr Price	1-Yr NAV	3-Yr Price	3-Yr NAV
	Total Return	Total Return	Total Return	Total Return	Total Return	Total Return	Total Return	Total Return	Total Return	
Top Performing		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	
Health	6.38	2.80	26.05	23.07	32.89	25.74	35.57	29.95		
India Equity	5.81	3.04	51.03	43.15	57.22	49.31	18.37	18.62		
Financial	4.40	-0.16	10.56	2.59	9.51	2.55	23.92	17.94		
Technology	4.27	2.79	32.74	18.47	34.01	23.42	21.07	16.56		
China Region	3.48	2.81	5.62	5.72	4.65	4.06	9.36	9.42		
Preferred Stock	3.12	1.04	21.17	17.56	23.44	16.92	12.72	15.18		
Utilities	3.07	0.76	20.73	16.58	23.08	19.59	12.38	15.65		
Foreign Large Blend	2.99	0.08	-1.18	-8.12	2.20	-5.67	9.59	6.68		
Moderate Allocation	2.59	1.12	15.79	11.29	17.01	13.29	19.17	16.12		
Large Blend	2.57	1.86	9.07	8.91	12.38	11.52	16.67	15.26		
Bottom Performing										
Equity Energy	-7.48	-10.07	-5.04	-12.38	-1.96	-9.98	3.65	1.34		
Natural Resources	-4.18	-3.59	-5.67	-9.38	-4.67	-8.32	-6.34	-6.18		
Japan Stock	-4.03	-2.05	0.87	4.70	2.17	6.26	10.93	11.16		
Commodities Miscellaneous	-3.68	-1.89	-9.39	-7.41	-6.83	-6.68	-9.38	-7.14		
Mutual Alternative	-3.63	-2.24	2.85	0.75	6.12	0.69	3.82	1.82		
Latin America Stock	-2.41	-4.77	-3.96	-6.62	-5.83	-8.69	-0.67	-1.83		
Energy Limited Partnership	-2.40	-2.77	11.40	12.07	13.11	15.21	15.68	16.89		
Commodities Precious Metals	-1.74	-1.61	-6.70	-8.02	-9.42	-9.93	-19.61	-17.57		
Miscellaneous Region	-1.65	-1.26	-3.62	-1.76	-3.41	-3.07	8.17	7.99		
Diversified Pacific/Asia	-1.63	-1.53	-1.91	-3.72	-3.17	-4.25	7.22	6.36		

The S&P 500 Index gained 2.7% during the month, despite the unrelenting drop in prices of energy stocks. The health-care sector continued to shine, outpacing the other sectors in the index for the year.

to date and during November. Other top-performing sectors in the U.S. for the year to date include real estate, utilities, and technology.

### Best- and Worst-Performing CEF Categories

The table above lists the best- and worst-performing CEF categories for the year to date. Two of the top three performing stocks in November specialize in health-care and biotechnology stocks, BlackRock Health Sciences BME and Tekla Healthcare Investors HQH. The former, in particular, has been on a tear, up 52% in share price over the past year and up 34% over the three-year annualized period through Nov. 30. Its premium reached 12% at the end of November, up significantly from 3% at the start of the year as its underlying net asset value hasn't kept pace with the soaring share price.

### Most Expensive and Inexpensive CEFs

The tables below show the most expensive and inexpensive closed-end funds based on three-year z-statistic as of Dec. 11. The divergence in returns in the broad sectors (investment-grade bonds versus junk bonds, global equities versus domestic equities, for example) has created a noticeable deviation in valuations within the broad category groups. For example, within the equity group, 12 funds appeared overvalued and seven undervalued, but within taxable-bond funds, only one appears overvalued and five appear undervalued.

The z-statistic measures how many standard deviations a fund's discount/premium is from its three-year average discount/premium. For instance, in these tables, a fund with a z-score of negative 2 would be two standard deviations below its three-year average discount/premium. Funds with the lowest z-scores are classified as Relatively Inexpensive, while those with the highest z-scores are Relatively Expensive. We consider funds with a z-score of negative 2 or lower to be "statistically undervalued" and those with a z-score of 2 or higher to be "statistically overvalued." That said, the z-statistic does have its flaws.

### Taxable Bond CEFs

Pioneer High Income Trust PHT is one of the worst-performing high-yield bond funds for the year to date, though it remains overvalued based on its three-year z-statistic. The fund's share price has outstripped its paltry net asset value return over the past year--a 1.9% net asset value gain versus a 13% share price gain has pushed the fund's premium to a whopping 41%. Enticed by the fund's 14% distribution rate at NAV, investors have flocked to this fund, but buyer beware. A 41% premium is very fragile and likely to dissipate quickly should sentiment head south.

### Exhibits 2-5

Most Expensive and Inexpensive<sup>1</sup> CEFs by broad category

Data as of 12/11/2014

Source: Morningstar

Taxable Bond CEFs			Discount (%)	Total Dist. Rate at Price (%)	3-Yr z statistic	1-Yr NAV Total Return (%)	1-Yr Price Total Return (%)	3-Yr NAV Total Return (%)	3-Yr Price Total Return (%)
Expensive Funds	Ticker	Morningstar Category							
Pioneer High Income Trust	PHT	High Yield Bond	41.24	9.75	2.40	1.86	13.03	12.80	11.78
Federated Enhanced Treasury In	FTT	Short Government	-7.90	3.74	1.34	-0.87	7.70	-0.43	3.14
Deutsche Global High Income	LBF	World Bond	-10.38	6.72	0.87	7.12	9.94	9.66	9.89
Oxford Lane Capital Corp	OXLC	Bank Loan	2.51	15.07	0.75	5.04	12.24	14.29	23.55
PIMCO Corporate & Income Opps	PTY	Multisector Bond	22.19	8.51	0.70	15.50	26.43	21.97	20.19
<b>Inexpensive Funds</b>									
Pioneer Diversified High Inc	HNW	High Yield Bond	-6.47	9.50	-3.68	4.82	-1.35	11.31	9.59
Pioneer Floating Rate Trust	PHD	Bank Loan	-11.12	5.86	-2.19	4.41	-2.29	8.04	3.66
Blackstone/GSO LS Credit Inc.	BGX	Bank Loan	-12.49	7.49	-2.15	2.72	-0.97	8.11	3.67
Credit Suisse High Yield Bond	DHY	High Yield Bond	-2.78	10.29	-2.13	5.45	6.87	14.06	12.15
AllianceBernstein Glb High Inc	AWF	Multisector Bond	-11.22	7.63	-2.09	5.69	-0.38	11.83	7.81

### Equity CEFs

The most overvalued equity fund, Morgan Stanley Eastern Europe RNE, announced that its board of directors proposed plans to liquidate the fund. The Dec. 9 announcement quickly narrowed the fund's historically double-digit discount to 4.7% the following day. This jump in share price caused the fund's z-

statistic to increase; therefore, it looked extremely overvalued as of Dec. 11. Shareholders will vote on this proposal at a 2015 meeting.

The list of undervalued equity funds below shows little by way of trends. Cornerstone Strategic Value CLM remains undervalued based on its three-year z-statistic, but investors should avoid this fund. Its 22% distribution rate causes many investors to look past its perpetual use of return of capital (though the fund sold at a slight discount as of Dec. 11, giving less weight to the "destructive return of capital" argument that is typically levied [against this fund](#)). Simply looking at the fund's returns, however, make a strong case against investing, despite its appearance of undervaluation. Over the trailing 12 months, the fund's NAV was up 16% while the fund's share price dropped 4.3%; over the three-year annualized period, the fund's 8.5% share price gain pales in comparison to its 17% NAV gain.

Equity CEFs			Discount (%)	Rate at Price (%)	3-Yr z statistic	Total Dist.	1-Yr NAV Total	1-Yr Price Total	3-Yr NAV Total	3-Yr Price Total
Expensive Funds	Ticker	Morningstar Category								
MS Eastern Europe	RNE	Miscellaneous Region	-12.20	3.47	5.69	-23.13	-24.43	1.61	1.51	
Thai Fund Inc	TTF	Miscellaneous Region	-7.99	7.46	3.88	20.91	30.82	24.80	29.34	
Kayne Anderson MLP	KYN	Energy Limited Partnership	20.78	6.96	3.57	14.55	9.56	18.94	18.81	
Royce Micro Cap Trust	RMT	Small Blend	-6.44	9.44	3.52	0.79	9.67	18.11	22.54	
Royce Value Trust	RVT	Small Blend	-8.40	8.83	3.06	1.01	6.02	13.80	17.50	
<b>Inexpensive Funds</b>										
Herzfeld Caribbean Basin	CUBA	Mid-Cap Blend	-17.91	0.14	-2.53	4.85	-4.27	13.95	11.82	
Tortoise Power & Energy Infra	TPZ	Energy Limited Partnership	-16.01	5.78	-2.41	16.20	15.36	12.91	9.91	
Aberdeen Australia Equity	IAF	Miscellaneous Region	-7.23	12.68	-2.32	-4.17	-17.89	2.59	1.24	
GDL Fund	GDL	Mid-Cap Growth	-15.32	6.37	-2.15	1.00	0.00	3.48	4.86	
Cornerstone Strategic Value	CLM	Large Blend	-0.95	21.99	-2.13	16.14	-4.27	16.98	8.54	

### Municipal CEFs

Municipal bonds continued to benefit from a positive supply and demand story--investor demand for the tax-advantaged bonds far outstripped new issuance in 2014. Many municipal managers expect the story to continue next year, which means these generally long-dated funds may survive the Fed's (potential) rate hikes better than previously expected. The tax advantages of municipal funds combined with the use of inexpensive leverage in most closed-end municipal funds is a recipe for high aftertax income.

Note that state-specific munis are often small issues and thinly traded, which can cause discounts and premiums to swing more than a larger, national-municipal fund. This affects the valuation statistics of funds and can often explain the divergence among similarly invested funds run by different managers.

Muni CEFs			Discount (%)	Rate at Price (%)	3-Yr z statistic	Total Dist.	1-Yr NAV Total	1-Yr Price Total	3-Yr NAV Total	3-Yr Price Total
Expensive Funds	Ticker	Morningstar Category								
Neuberger Berman CA Inter Muni	NBW	Muni California Intermediate	3.79	5.05	1.98	13.97	18.48	6.28	5.44	
BlackRock MuniYield Arizona	MZA	Muni Single State Long	6.25	5.28	1.82	16.11	30.40	8.39	11.45	
Nuveen CA Select Tax-Free	NXC	Muni California Long	1.24	4.40	1.42	12.45	23.64	7.87	9.96	
Nuveen CA Muni Value	NCA	Muni California Long	1.24	4.39	1.35	12.89	19.96	7.62	9.55	
Pioneer Muni High Inc Adv	MAV	High Yield Muni	19.21	7.56	0.70	18.84	26.08	10.47	12.06	
<b>Inexpensive Funds</b>										
Invesco Trust NY Inv Gra Mn	VTN	Muni New York Long	-11.02	5.93	-2.13	15.13	8.14	8.09	3.66	
Nuveen Minnesota Municipal Income	NMS	Muni Minnesota	-4.72	5.55	-2.11	13.41	11.12	7.87	1.80	
PIMCO Municipal Income III	PMX	Muni National Long	-0.36	6.83	-1.88	23.33	17.67	12.57	8.09	
PIMCO CA Municipal Income II	PCK	Muni California Long	8.58	6.70	-1.86	23.99	13.31	14.44	8.96	
Dreyfus Strategic Municipals	LEO	Muni National Long	-7.89	6.32	-1.84	16.74	15.46	8.82	4.62	

## Other CEFs

The convertibles market has had a remarkable year; the Bank of America Merrill Lynch All Convertible All Quality Index gained more than 10% for the year to date through November. Many of the best-performing convertibles in the Indexes are securities that are very equity sensitive and essentially trade like the common stock of a firm. For example, biotech firm Gilead Sciences GILD has seen some of its convertible bonds reach 450% of par. The high price all but eliminates the downside protection of the convertible bond. While many open-end fund managers have struggled to keep their portfolios in positive territory this year, many closed-end funds in the Morningstar Category of convertibles also invest in equities and high-yield bonds. Allianz GI Equity & Convertibles Income NIE, for example, is up 8% for the year to date on NAV and up 14% on share price. As of Oct. 31, the fund had 66% of its portfolio invested in equities and just 21% in convertibles.

The same note of caution about Cornerstone Strategic Value applies to Cornerstone Progressive Return CFP. The fund looks undervalued based on three-year z-statistic, but investors, again, should avoid this fund. Its 23% distribution rate also causes many investors to look past its perpetual use of return of capital (though the fund sold at a discount as of Dec. 11, giving less weight to the “destructive return of capital” argument that is typically levied against this fund).

Other CEFs			Discount (%)	Total Dist. Rate at Price (%)	3-Yr z statistic	1-Yr NAV Total Return (%)	1-Yr Price Total Return (%)	3-Yr NAV Total Return (%)	3-Yr Price Total Return (%)
Expensive Funds	Ticker	Morningstar Category							
EV Tax Adv Global Div Opps	ETO	World Allocation	-0.86	8.51	2.29	9.20	16.86	17.40	25.30
AllianzGI Equity & Conv Inc	NIE	Aggressive Allocation	-8.75	7.28	2.11	10.44	16.29	14.63	17.66
MFS Special Value Trust	MFV	Conservative Allocation	11.90	9.12	1.99	6.03	14.57	11.79	15.28
Gabelli Convertible & Income	GCV	Aggressive Allocation	2.67	9.74	1.91	3.66	7.37	12.95	14.40
Virtus Total Return Fund	DCA	World Allocation	-9.27	8.89	1.79	18.26	27.86	14.29	18.08
<b>Inexpensive Funds</b>									
Cornerstone Progressive Return	CFP	Tactical Allocation	-4.33	23.11	-2.29	17.66	-3.56	16.02	5.10
Advent Claymore Cnvt Secs&Inc II	AGC	Convertibles	-14.29	9.04	-2.13	-1.21	-1.26	11.19	10.46
Central Fund of Canada	CEF	Canada Commodity	-10.00	0.08	-1.82	-11.87	-18.17	-15.72	-20.69
Nuveen Diversified Commodity	CFD	Commodities Miscellaneous	-18.65	13.20	-1.79	-9.90	-8.31	-7.14	-9.38
Advent Claymore Enh Grth & Inc	LCM	Convertibles	-13.97	9.43	-1.78	-0.92	1.68	9.99	9.48

## News You Can Use

The merger train picked up steam in November.

### Fund Mergers and Launches

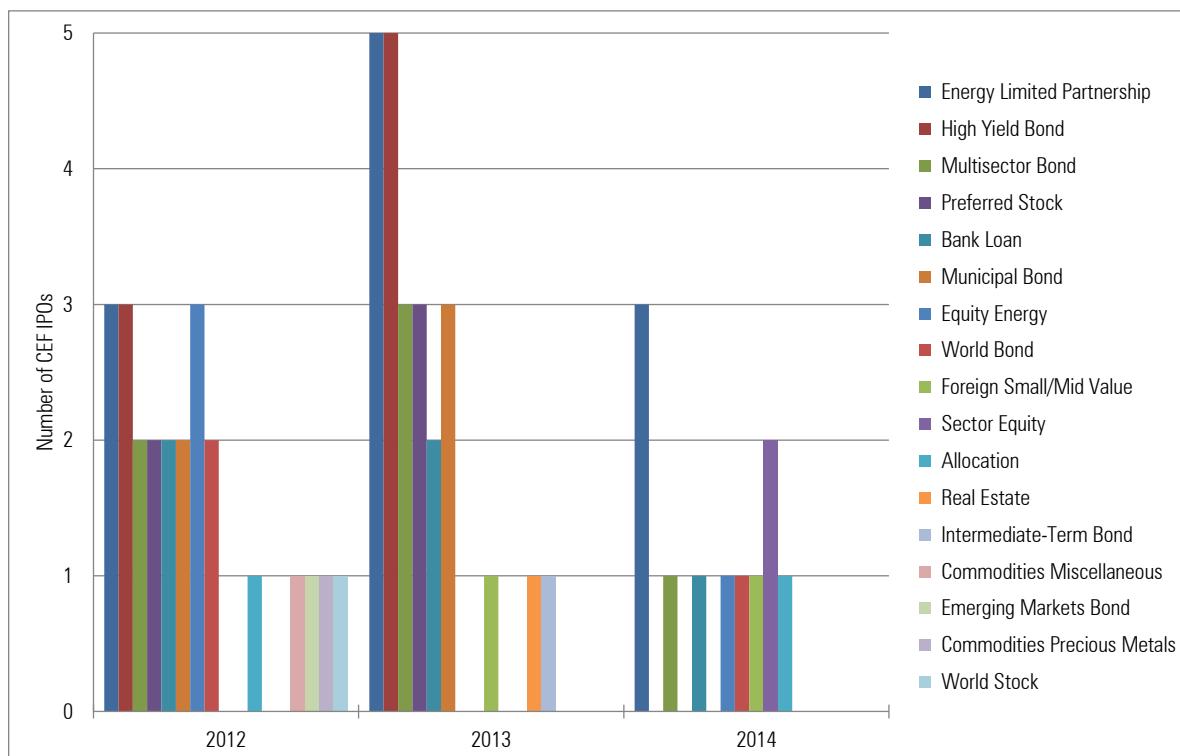
On Nov. 25, Miller/Howard High Income Equity HIE launched, raising \$245 million in gross proceeds. The fund will primarily invest in dividend-paying equities of U.S. and non-U.S. firms and will terminate on Nov. 24, 2024, unless the fund's trustees elect to extend its life for an additional year.

This brings the total number of new funds launched this year through Nov. 30 to 11, which includes the merger of several existing Nuveen funds, the proceeds of which were used to bring two new funds to market. One of those new funds came to market in October and the other began trading on Nov. 24.

The chart below breaks down the CEF IPOs by type over the last three years. It's interesting to note not only the drop in number of IPOs over the last three years, but also the change in types of funds launched. For example, 60% of the IPOs in 2012 and 71% in 2013 were bond funds while just 27% of the IPOs this year were bond funds. Instead, this year's IPO market leaned more toward equity funds (including MLPs), which accounted for 63% of the IPOs this year compared with 25% in 2012. As the bond market inches closer to the Federal Reserve's rate hikes, and most taxable-bond funds are trading at discounts, fund firms are likely to increasingly look to equity, allocation, and alternative strategies for new fund launches in the coming years.

**Exhibit 6**

CEF IPOs by type  
Data as of 11/30/2014  
Source: PIMCO



In late November, Nuveen Global Income Opportunities and Nuveen Diversified Currency Opportunities merged into Nuveen Global High Income JGH. The new fund is managed by Nuveen Asset Management and employs the firm's global high income investment strategy, which seeks to identify securities from around the world as well as across the capital structure and credit spectrum that offer a high level of current income. Following the merger, Nuveen Diversified Currency Opportunities paid a special nonrecurring distribution of \$0.195 per share and Global Income Opportunities paid a special distribution of \$0.205 per share. Also in connection with the merger completion, the board of directors approved a tender offer to purchase up to 25% of JGH's outstanding shares for 98% of net asset value. The offer began on Dec. 4 and expires on Jan. 9, 2015.

BlackRock completed a number of mergers in November and early December. First, on Nov. 10, BlackRock Core Bond BHK acquired all of the assets of BlackRock Income Opportunity. The firm also announced that shareholders of BlackRock Real Asset Equity, BlackRock EcoSolutions Investment, and BlackRock Resources and Commodities Strategy BCX approved plans to merge the former two funds into the latter. The merger completed on Dec. 8. Finally, shareholders of BlackRock Dividend Income approved a merger with BlackRock Enhanced Equity Dividend BDJ. That merger also finalized on Dec. 8.

The merger of four Nuveen New Jersey municipal funds closed on Nov. 10. Nuveen NJ Investment Quality Muni, Nuveen NJ Premium Income Muni, and Nuveen NJ Dividend Advantage Muni 2 merged into Nuveen NJ Dividend Advantage Muni NXJ. Post-merger, NXJ paid a special distribution of \$0.068 per share to shareholders.

Shareholders approved the merger of Boulder Total Return BTF, Denali Fund DNY, and First Opportunity FOFI into Boulder Growth & Income BIF. The firm expects the merger will close in late March 2015.

On Nov. 17, Salient MLP & Energy Infrastructure merged into Salient Midstream & MLP SMM.

## Investment Policy & Management Changes

Shareholders of seven of Nuveen's equity option funds approved proposals to restructure the funds. For more information about the proposals and what it means for the funds, read Nuveen's initial press release [here](#). The funds for which shareholders approved the changes are:

- Nuveen Equity Premium Income Fund (JPZ)
- Nuveen Equity Premium and Growth Fund (JPG)
- Nuveen Equity Premium Advantage Fund (JLA)
- Dow 30 SM Premium & Dividend Income Fund Inc. (DPD)
- Dow 30 SM Enhanced Premium & Income Fund Inc. (DPO)
- NASDAQ Premium Income & Growth Fund Inc. (QQQX)
- Nuveen Equity Premium Opportunity (JSN)

All of PIMCO's taxable CEFs announced changes to their investment policies. The funds can now invest up to 40% in emerging-markets securities and can invest without limit in investment-grade sovereign debt denominated in the relevant country's local currency with less than one year remaining to maturity. A summary of the changes, including prior limits of emerging market securities, is below.

### Exhibit 7

Changes to PIMCO fund investment policies announced in November 2014

Source: PIMCO

Fund Name (Ticker)	Max of total assets invested in emerging market securities (%)	
	Prior	Current
PIMCO Corporate & Income Opps (PTY)	10	40
PIMCO Corporate & Income Strategy (PCN)	10	40
PIMCO High Income (PHK)	10	40
PIMCO Strategic Income (RCS)	20	40
PIMCO Income Strategy (PFL)	25	40
PIMCO Income Strategy II (PFN)	25	40
PIMCO Global StocksPLUS & Income (PGP)	30	40
PIMCO Dynamic Credit Income (PCI)	40	40
PIMCO Dynamic Income (PDI)	40	40
PIMCO Income Opportunity (PKO)	40	40

The board of directors of Royce Focus FUND will meet in December to approve a new advisory agreement with Sprott Asset Management, which would allow W. Whitney George to continue to manage the fund following his departure from Royce & Associates.

Delaware Investments announced that senior portfolio manager, Thomas Chow, resigned on Nov. 7. Chow was a named comanager on Delaware Investments Dividend & Income DDF and Delaware Enhanced Global Dividend and Income DEX. A team of about a dozen investment professionals remain as members of those funds' portfolio management teams.

## Share Repurchases & Tender Offers

BlackRock Enhanced Government EGF announced that its annual repurchase offer for common stock expired on Nov. 18. The fund offered to purchase up to 10% of outstanding shares for a price of NAV on the closing date minus a 2% fee. The offer was oversubscribed and shares were purchased on a pro-rata basis.

Nuveen Diversified Real Asset Income DRA conducted a tender offer to purchase up to 10% of outstanding shares for 99% of net asset value per share on the offer's expiration date. The offer, which expired on Nov. 7, was oversubscribed. The fund repurchased properly tendered shares on a pro-rata basis.

Nuveen Minnesota Municipal Income NMS announced a share repurchase program. The fund can repurchase up to 10% of outstanding shares in open-market transactions at the fund manager's discretion.

### Leverage Changes

PIMCO Income Strategy PFL and PIMCO Income Strategy II PFN announced the results of the tender offer for outstanding auction rate preferred shares: 35% of PFL's ARPS and 43% of PFN's ARPS were properly tendered. This was the first time the firm attempted to redeem any of its funds' outstanding APRS, though at the offer price of 90% of liquidation value, it's easy to understand why more investors weren't interested.

The board of directors of Nuveen CA AMT-Free Municipal Income NKX, Nuveen MO Premium Income Municipal NOM, and Nuveen NJ Dividend Advantage Municipal NXJ approved the redemption of outstanding Municipal Term Preferred Shares. Proceeds from the fund's newly issued preferred shares will be used to pay for the redemption of the MTPs.

### Significant Distribution News & Changes

The table below lists significant distribution changes and special distributions announced in November.

#### Exhibit 7

Significant Distribution Changes Announced During Nov. 2014

*Source: Morningstar*

Significant Distribution Changes			Current	Previous		
Fund Name	Ticker	Frequency	Amount (\$)	Amount (\$)	Change (%)	Pay Date
Central Securities Corporation	CET	Special non-recurring	1.430	--	--	12/22
Genearl American Investors	GAM	Special non-recurring	2.940	--	--	12/30
Source Capital	SOR	Special non-recurring	1.000	--	--	12/15
Gabelli Multimedia	GGT	Quarterly	0.390	0.220	77.27%	12/19
Gabelli Equity Trust	GAB	Quarterly	0.190	0.150	26.67%	12/19
Gabelli Convertible & Income	GCV	Quarterly	0.150	0.120	25.00%	12/19
Bancroft Fund	BCV	Quarterly	0.142	0.120	18.33%	12/29
Tekla Healthcare Investors	HOH	Quarterly	0.590	0.560	5.36%	12/31
Pioneer Muni High Income	MHI	Monthly	0.085	0.095	-10.53%	11/28
Dreyfus Strategic Municipals	LEO	Monthly	0.043	0.049	-12.24%	12/31
Dreyfus Strategic Muni Bond	DSM	Monthly	0.042	0.048	-12.63%	12/31
Pioneer Diversified High Income	HNW	Monthly	0.135	0.160	-15.63%	11/28
GAMCO Global Gold Natural Resources :	GGN	Monthly	0.070	0.090	-22.22%	1/23
GAMCO Natural Resources Gold & Incor	GNT	Monthly	0.070	0.090	-22.22%	1/23

Aberdeen Chile Fund CH reduced its quarterly managed distribution payout to 8% of NAV per year from 10%, effective December 2014.

Ellsworth Fund ECF announced that the issue price for shareholders that requested to receive additional shares for payment of the 2014 year-end distribution will be \$8.0599 per share, which was the closing price on Nov. 19. The fund also announced that it will adopt a new 5% minimum distribution policy under which the fund will pay shareholders a distribution equal to at least 5% of the fund's trailing 12-month average month-end market price, starting in 2015.

### Discount Trends

CEF discounts continued the convergence trend in November. For equities, the average discount at the end of November was 6.5%, and for the remaining three broad categories, the average discount was

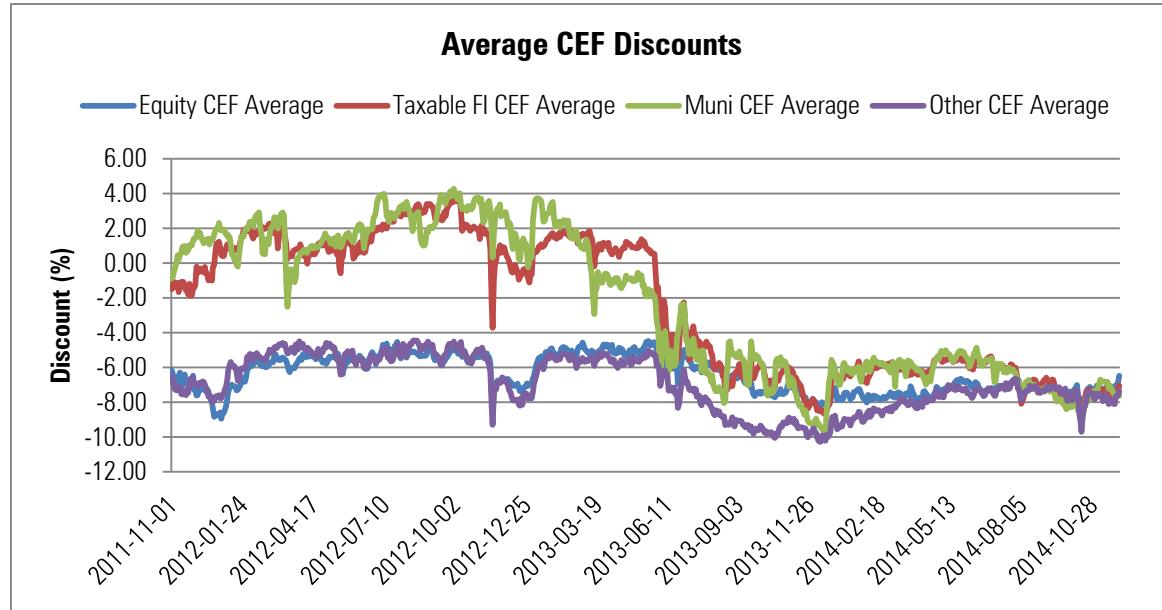
just over 7% at month-end. This is compared with 8% for equity funds, about 7% for taxable-bond and muni funds, and more than 9% for "other" closed-end funds at the start of the year.

#### Exhibit 8

Historical Discount Data

Data as of 11/30/2014

Source: Morningstar



Historically, equity funds sell at wider discounts because of the lower distribution rates compared with bond funds. But the large and persistent disparity between the high premiums of bond funds and wide discounts of equity funds following the crisis was unusual. That trend seems to be normalizing, though the average discount of bond funds remains wider than it's historically been. That said, the taxable-bond group's average discount continued to narrow a bit this month.

Despite the negative returns on the energy front, many categories have done well this year on both a share price and NAV performance basis. For example, most of the municipal-bond categories returned double digits on average, through Nov. 30 on net asset value and share price. Twenty nine of 72 CEF categories have double-digit share price returns through November and only 15 have posted negative share price returns so far. Despite a decent year overall, CEFs as a whole are likely to see downward price pressure during December as investors engage in tax-loss harvesting. Long-term investors should take this opportunity to do some holiday shopping for their investment portfolios.

*All performance data in the accompanying tables is as of the market close December 11 2014. In some limited cases, funds do not disclose their daily NAV values, and in such cases their estimated NAV (based on the performance of their most recently published holdings) is used.*

<sup>1</sup>The funds listed in the Most Expensive & Inexpensive table are ranked using three-year z-scores. This statistic measures how many standard deviations a fund's discount/premium is from its three-year average discount/premium. For instance, in these tables, a fund with a z-score of -2 would be two standard deviations below its three-year average discount/premium. Over a long period of time, a fund would be expected, statistically speaking, to have a z-score of -2 or lower only 2.14% of the time. Funds with the lowest z-scores are considered to be relatively cheap, while those with the highest z-scores are considered to be relatively expensive. We consider funds with a z-score of -2 or lower to be "statistically undervalued" and those with a z-score of +2 or higher to be "statistically overvalued."