Closed-End Fund *Review*

SECOND QUARTER 2017

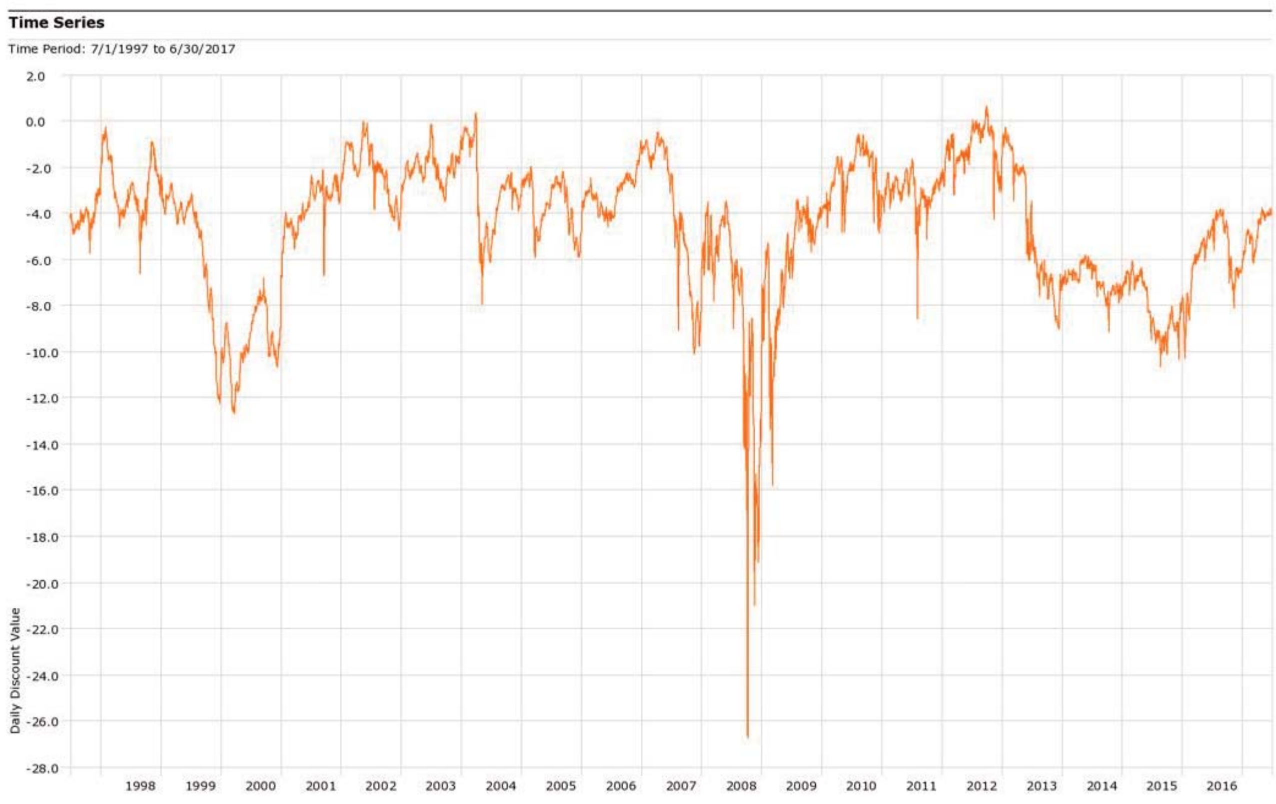
Second Quarter 2017 Overview

The second quarter of 2017 was another solid one for diversified closed-end fund (CEF) investors. The average fund was up 3.50% for the quarter and is now up 8.82% year-to-date (YTD). It was a broad based rally again this quarter with equity funds up on average 2.91%, taxable fixed-income funds up 4.10% and municipal funds up 3.60%. Equity CEFs are now up on average 11.42% YTD, taxable fixed-income funds are up on average 8.93% YTD and municipal funds are up 6.02% YTD (Source: Morningstar. All data is share price total return).

Similar to the first quarter of the year, several factors contributed to the solid performance many categories posted during the second quarter. From my viewpoint, those factors included rising global equity prices, still solid fundamentals for credit-sensitive asset classes (i.e., defaults below historical averages), demand for income-oriented investments, a quiet CEF Initial Public Offering (IPO) market (which helps create demand for the secondary market of CEFs) and discount narrowing all helped contribute to the broad-based positive total returns many categories earned during the second quarter.

Average Discounts to Net Asset Value (NAV) Continue to Narrow

As you can clearly see in the chart below, average discounts to NAV continue to narrow for the Morningstar universe of all CEFs.



— Morningstar US All CEFs UP   Source: Morningstar Direct

Indeed, the average discount to NAV for all CEFs at the end of the second quarter was 3.74%. They ended the first quarter at 5.12% and ended 2016 at 6.34%. The trend of discounts narrowing has been a very rewarding one for shareholders (particularly those who took advantage of double-digit discounts in 2015 and early 2016) as in many cases share prices are outperforming rising NAVs--causing discounts to narrow. For example, using Morningstar total return data, the average CEF share price total return is up 8.82% YTD which is outperforming the average CEF NAV total return (which is up 5.91% YTD).

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As discounts to NAV have narrowed considerably the past two years, I believe it means CEF investors need to pick their spots carefully and continue to focus on categories where the fundamentals, valuations and outlook remain compelling. From my standpoint, equity income-oriented CEFs (both domestic and global), as well as shorter duration fixed-income categories, continue to stand out as being compelling total return investments.

No Changes to My Three Favored Categories

I am making no change to my belief that the most compelling categories of the CEF marketplace remain U.S. Equity, Senior Loan and Global Equity. My thesis for continuing to want to have overweight exposure to these three categories remains the same and is the following:

1) These three categories continue to have strong fundamentals and valuations within their respective underlying asset classes.

2) All three remain poised to benefit from the macro view our Economics Team continues to forecast for the remaining half of 2017 including more "Plow Horse" U.S. GDP growth, as they phrase it, higher U.S. equity prices (their year-end forecast for the S&P 500 Index remains 2700), at least one more federal funds rate hike this year and a steady rise in the interest rate on the 10-year U.S. Treasury. This macro view continues to give my focus to equity income-oriented CEFs and shorter duration fixed-income funds, while focusing less on longer-duration levered fixed-income funds.