Capital Link's
CEF & ETF Monthly Newsletter

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CAPITAL LINK'S Dissect ETFs Forum

Thursday, October 23, 2014
The Metropolitan Club, One East 60th St., New York City

IN COOPERATION WITH NYSE

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Attendance is complimentary for qualified delegates
This Forum has been accepted by the CFP Board & IMCA for 6.00 CFP/CIMA/CPWA Credit

Capital Link's Dissect ETFs Forum will take place on Thursday, October 23, 2014 at the Metropolitan Club in New York City at One East 60th Street, Manhattan.

INDUSTRY PANELS TOPICS TO BE COVERED

Developments, Trends & Sector Outlook

- **The Evolution Of The ETF Landscape**
- **Innovation in ETFs**
- **The Art To Successful ETF Trading**
- **Using ETFs In Client's Portfolios**
- **ETFs & The Evolution Of Indexing and Benchmarking**
- **Accessing Global Markets Through ETFs**
- **Investing For Yield Through ETFs**
- **Commodity ETFs**

SPEAKERS

- **Michael Akins,** Portfolio Manager - **ALPS ETF Trust**
- **Eric Balchunas,** ETF Analyst - **Bloomberg**
- **Matthew Bartolini,** Principal, Research Strategist - **State Street Global Advisors**
- **Ken Bossen,** Head of ETF Portfolio Strategy & Due Diligence - **State Street Global Advisors**
- **Reggie Browne,** Senior Managing Director - **Cantor Fitzgerald & Co.**
- **Mark Carver,** Director, Investment Strategist - **BlackRock**
- **Robert Deutsch,** Managing Director, Global Head of ETFs - **JP Morgan Asset Management**
- **Nigel Emmett,** Managing Director, Client Portfolio Manager - **JP Morgan Asset Management**
- **Gregory A. Friedman,** Senior VP, Head of Product Development and Strategy - **Fidelity Investments**
- **Deborah Fuhr,** Managing Partner - **ETFGI LLP**
- **John Gambla,** Senior Portfolio Co-Manager - **First Trust Advisors**
- **Christopher Gannatti, CFA,** Associate Director of Research - **WisdomTree**
- **Beverly Goodman,** Assistant Managing Editor - **Barron's**
- **Tom Goodwin, PhD,** Senior Director of Research - **Russell Indexes**
- **John Hyland,** Chief Investment Officer - **United States Commodity Funds LLC**
- **Michael Jabara,** Executive Director, Head of ETF & CEF Research - **Morgan Stanley Wealth Management**
- **Dodd Kittsley,** Director, Head of ETF National Accounts & Strategy - **Deutsche Asset & Wealth Management**
- **Russell Latham,** Director - **Fidelity Investments**
- **Jon Maier,** Head of ETF Strategy - **Bank of America Merrill Lynch**
- **Mike McGlone,** Director of Research - **ETF Securities**
- **Bill Miller,** Director, iShares Institutional Sales Group - **BlackRock**
- **Laura Morrison,** SVP, Global Index & Exchange Traded Products - **NYSE Euronext**
- **Joseph Nelesen,** Director, Head of Institutional Product Management & Consulting for iShares - **BlackRock**
- **Raina Oberoi,** Vice President, Index Applied Research - **MSCI**
- **David Perlman**, ETF Research – **UBS**
- **Christopher Philips, CFA**, Senior Analyst, Investment Strategy Group – **Vanguard**
- **Kevin Quigg**, Global Head of ETF Sales Strategy – **State Street Global Advisors**
- **Darren Schuringa**, Managing Partner – **Yorkville Capital Management**
- **Luciano Siracusano III**, Chief Investment Strategist – **WisdomTree**
- **Ryan Szakacs**, Vice President, Capital Markets – **BlackRock**
- **Stan Ueland**, SVP & Portfolio Manager – **First Trust Advisors**

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The Month in Closed-End Funds: September 2014

PERFORMANCE

In September investors showed amazing resolve in the face of enough geopolitical risk to bring about the oft-called-for but so far elusive 10% technical correction. Warnings of imminent attacks on Western targets by Islamic State jihadists, increasing tensions in Russia/Ukraine, Syria's civil war, and Hong Kong's recent democratic protests—while being closely watched—had yet to produce wholesale selloffs in the market. Nonetheless, for the second month in three both equity and fixed income CEFs posted negative NAV-based returns (-3.28% and -0.50%, respectively) and market-based returns (-3.68% and -1.37%, respectively). For Q3 returns were mixed, with equity CEFs posting a loss of 1.90% and fixed income CEFs returning a positive 1.12%. The year-to-date returns for both groups remained in positive territory, with equity and fixed income CEFs returning 7.54% and 10.59%, respectively, on a NAV basis.

While many investors initially fretted about the lower-than-expected August jobs report at the beginning of September (the U.S. economy added just 142,000 new jobs in August—the smallest gain since December 2013), news of the European Central Bank's aggressive easing measures and hints of plans to buy asset-backed securities, accompanied by consensus-beating University of Michigan/Thomson Reuters consumer-sentiment readings, renewed commitment by the Federal Reserve to facilitate the economic recovery, and Scotland's vote to remain part of the U.K. kept investors in the game but still on guard. Investors were disappointed to learn U.S. industrial production declined in August, housing starts missed analyst expectations (declining 14.4%), and durable goods production fell 18.2%. However, in middle to late September real GDP growth (final) was revised up to a 4.6% annual rate from the prior reading of 4.2 (in line with analyst expectations), August new home sales boomed, and personal income and consumption both beat analyst expectations – all keeping investors balanced in the middle of the fear-and-greed teeter totter. The Russell 2000 Price Only Index (-6.19%) suffered the deepest loss of the broad-based indices for September as investors became more risk averse, while the Dow Jones Industrial Average finished the month down just 0.32% and the NASDAQ composite declined 1.90%.

With the ECB, the Bank of Japan, and other central banks signaling continued accommodative monetary policies and despite relatively low rates in the U.S. demand rose for U.S. bonds. Notwithstanding the increase in demand, the better-than-expected economic reports, and anticipation the Fed will soon begin to increase rates, the Treasury yield curve steepened at all maturities one year or greater, with seven- and ten-year yields rising the most during the month—17 bps to 2.22% and 2.52%, respectively.

For September the dollar gained against the euro (+4.18%), the pound (+2.26%), and the yen (+5.50%). Commodities prices declined significantly in September, with near-month gold prices falling 5.86% to close the month at $1,210.50/ounce and with crude oil prices dropping 5.00% to close the month at $91.16/barrel.

The Month in Closed-End Funds: September 2014

- For the second month in three both equity and fixed income closed-end funds (CEFs) posted negative returns on average, with equity CEFs declining 3.28% on a net asset value (NAV) basis and their fixed income counterparts losing 0.50% for the month.
- For September only 8% of all CEFs traded at a premium to their NAV, with 8% of equity funds and 8% of fixed income funds trading in premium territory. Lipper's world equity CEFs macro-group witnessed the only narrowing of discounts for the month—25 basis points (bps) to 10.32%.
- For the ninth month in a row all of Lipper's municipal bond CEF classifications posted returns in the black, with High Yield Municipal Bond CEFs (+0.78%) posting the strongest return.
- Mixed-asset CEFs (-2.01%) mitigated losses better than their domestic equity CEFs (-3.18%) and world equity CEFs (-4.23%) brethren.
- Income & Preferred Stock CEFs (-1.46%) did the best job of mitigating losses in the equity universe for the month.

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THOMSON REUTERS

For the month only 36% of all CEFs posted NAV-basis returns in the black, with a mere 5% of equity CEFs and 57% of fixed income CEFs chalking up returns in the plus column. Rising geopolitical concerns, Scotland's vote for independence, China's slowing economy, Hong Kong's pro-democracy protests, and concerns over an economic slowdown in the Eurozone continued to weigh on World Income CEFs (-2.96%) and World Equity CEFs (-4.23%), both at the bottom of their respective groups.

On the equity side mixed-asset CEFs (-2.01%), mitigated losses better than the other macro groups, followed by domestic equity CEFs (-3.18%). Lipper's Income & Preferred Stock CEFs classification (-1.46%) led the equity universe, benefitting from investors' search for income-producing securities and on investors' risk-avoidance mood. With the U.S. dollar on its recent tear, it was little wonder dollar-priced commodities were pummeled during the quarter. In addition, strong U.S. strong oil production helped keep prices down, sending Natural Resources CEFs (-5.48%) to the bottom of the equity universe. For the remaining equity classifications returns ranged from minus 5.05% (Emerging Markets CEFs) to minus 1.78% (Option Arbitrage/Option Strategies CEFs). All of the equity CEF classification witnessed negative performance for the month.

Two of the five top-performing individual equity CEFs were housed in Lipper's Sector Equity CEFs classification, with SharePost 100 Fund (NASDAQ: PRIVX) – a hybrid interval CEF – rising to the top of the leaderboard, returning 6.72% on a NAV basics. Following PRIVX was Morgan Stanley China A Share Fund, Inc. (NYSE: CAF, housed in Lipper's Pacific ex-Japan CEFs classification), which tied as the second best performing CEF in the equity universe; it gained 3.16% on a NAVE basis and traded at a 6.11% discount on September 30. EGA Frontier Diversified Core Fund (Bloomberg: FMCR US, housed in Lipper's Emerging Markets CEFs classification), also a hybrid interval CEF, rose 3.16% on a NAV basis; Griffin Institutional Access Real Estate Fund (NASDAQ: GIREX), also a hybrid interval CEF, posted a 0.36% return; and H&Q Life Sciences Investors (NYSE: HQL) posted a 0.30% return and traded at a 5.43% discount at month-end.

For the month the dispersion of performance in individual equity CEFs—ranging from minus 18.00% to positive 6.72%—was wider than August's spread and much more negatively skewed. The 20 top-performing equity CEFs posted returns at or above minus 0.12%, while the 20 lagging equity CEFs were below minus 6.93%. Given the strength of the U.S. dollar and the related declining demand for physical gold, it wasn't surprising to see ASA Gold & Precious Metals Limited (NYSE: ASA), housed in Lipper's Sector Equity CEFs classification, shedding 18.00% and sitting at the bottom of the equity CEFs group

CLOSED-END FUNDS LAB

TABLE 1 CURRENT-MONTH PERFORMANCE, P&D, P&D SHIFTS (% OF UNIVERSE)

	NAV RETURNS POSITIVE	PREMIUM/DISCOUNT		NOW TRADING AT	
		BETTER	WORSE	PREMIUM	DISCOUNT
Equity Funds	5	42	56	8	92
Bond Funds	57	24	76	8	92
ALL CEFs	**36**	**31**	**68**	**8**	**92**

TABLE 2 AVERAGE NAV RETURNS, SELECTED PERIODS (%)

	SEPTEMBER	YTD	3-MONTH	CALENDAR-2013
Equity Funds	-3.28	7.54	-1.90	16.03
Bond Funds	-0.50	10.59	1.12	-1.74
ALL CEFs	**-1.65**	**9.36**	**-0.12**	**5.17**

TABLE 3 NUMBER OF IPOs, SELECTED 12-MONTH PERIODS

	SEPTEMBER 2014	CALENDAR-2013
ALL CEFs	**25**	**28**

TABLE 4 AVERAGE SIZE OF IPOs, SELECTED PERIODS, $MIL

3 MONTHS THROUGH 8/31/2014	242
COMPARABLE YEAR-EARLIER 3 MONTHS	473
CALENDAR 2013 AVERAGE	564

Source: Lipper, a Thomson Reuters company for the month; it traded at a 10.37% discount on September 30. Weakness in commodity prices, accompanied by a strengthening dollar, weighed heavily on a subsection of Lipper Emerging Markets CEFs classification, with Aberdeen Latin America Equity Fund Inc. (NYSE: LAQ) posting the next poorest return in the equity universe; it declined 14.13% and traded at a 9.38% discount at month-end. For September only 13 equity CEFs experienced returns in the black.

Despite the Fed's reiterating its commitment to facilitate the U.S. economic recovery by maintaining its view on its timing of interest rate hikes, Treasury yields rose during the month as investors continued to worry about how the Fed will eventually begin to normalize interest rates. Investors pushed the ten-year yield up 17 bps to 2.52% at month-end, pressuring prices of taxable fixed income instruments. Municipal bond CEFs (+0.45%) remained at the head of the class, with all classifications in the subgroup experiencing returns in the black for the ninth consecutive month as investors still found buying opportunities. The muni group was followed by domestic taxable bond CEFs (-1.36%) and world bond CEFs (-2.95%).

At the top of the fixed income classification charts were High Yield Municipal Debt CEFs (+0.78%) and Pennsylvania Municipal Debt CEFs (+0.71%), while Emerging Markets Debt CEFs (+0.38%) was at the bottom. In the municipal bond CEFs macro-group Intermediate Municipal Debt CEFs (+0.20%) was the relative laggard of the group. National municipal debt CEFs (+0.50%) outperformed their single-state municipal debt CEF counterparts (+0.39%) by 11 bps.

As a result of continued uncertainty in the world markets, both classifications making up Lipper's World Income CEFs macro-classification (-2.96%) posted the lowest September returns in the fixed income universe, with Global Income CEFs posting a minus 2.32% return but still mitigating losses better than Emerging Market Debt CEFs (-4.05%). Fixed income investors shunned CEFs that take on greater risk, sending High Yield CEFs (Leveraged) (-2.31%) to the bottom of the group. U.S. Mortgage CEFs (-0.06%) posted the strongest return in the domestic taxable fixed income group (-1.36%).

Among domestic taxable fixed income CEFs the remaining classification returns ranged from minus 1.83% (High Yield CEFs) to minus 0.98% (Loan Participation CEFs, also August's laggard).

Three of the five top-performing individual CEFs in the fixed income universe were housed in Lipper's domestic taxable fixed income macro-group. GL Beyond Income Fund (NASDAQ: GLBFX, housed in Lipper's General Bond CEFs classification), a hybrid interval CEF, returned 1.44%; Putnam Premier Income Trust (NYSE: PPT, also housed in Lipper's General Bond CEFs classification) tacked 1.24% onto its August month-end value and traded at a 10.89% discount on September 30; and Western Asset Mortgage Defined Opportunity Fund Inc. (NYSE: DMO, housed in Lipper's U.S. Mortgage CEFs classification), posted a 1.24% return and traded at a 7.29% discount at month-end.

For the remaining funds in the fixed income CEFs universe monthly NAV-basis performance ranged from minus 7.12% for Stone Harbor Emerging Markets Total Income Fund (NYSE: EDI, housed in Lipper's Emerging Markets Debt CEFs classification and traded at a 4.75% discount on September 30) to 1.17% for Eaton Vance Pennsylvania Municipal Bond Fund (AMEX: EIP), housed in Lipper's Pennsylvania Municipal Debt CEFs classification and traded at a 9.51% discount at month-end. The 20 top-performing fixed income CEFs posted returns at or above 0.84%, while the 20 lagging CEFs were at or below minus 2.93%. A total of 152 fixed income CEFs suffered downside performance for September

PREMIUM AND DISCOUNT BEHAVIOR

For September the median discount of all CEFs widened just 57 bps to 9.40% - worse than the 12-month moving average discount (8.26%). Equity CEFs' median discount widened 38 bps to 9.42%, while fixed income CEFs' median discount widened 62 bps to 9.4%. The high-yield CEFs macro-group's median discount witnessed the largest widening, 88 bps to 8.85%, while the world equity CEFs macro-group witnessed the only narrowing of discounts in the CEFs universe – 25 bps to 10.32%.

For the month 31% of all funds' discounts or premiums improved, while 68% worsened. In particular, 42% of equity funds and 24% of fixed income funds saw their individual discounts narrow, premiums widen, or premiums replace discounts. T he number of funds traded at premiums on September 30 (44) was seven less than on August 29.

CEF EVENTS AND CORPORATE ACTIONS

IPOs

The largest CEF IPO this year so far saw Goldman Sachs MLP and Energy Renaissance Fund (NYSE: GER) raise $1.4 billion in its common-share offering; if underwriters fully exercise their overallotment options, the fund could raise up to $1.6 billion.

RIGHTS, REPURCHASES, TENDER OFFERS

Tender offers for up to 10% of the shares of each of Nuveen Dividend Advantage Municipal Fund 3 (NYSE: NZF), Nuveen Dividend Advantage Municipal Income Fund (NYSE: NVG), Nuveen Municipal Advantage Fund (NYSE: NMA), and Nuveen Quality Income Municipal Fund (NYSE: NQU) were oversubscribed. Because each fund's tender offer was oversubscribed it will purchase its shares on the following pro rata basis: NZF, 21.3%; NVG, 22.5%; NMA, 29.3%; and NQU, 33.5%.

Final results of the tender offer for up to 5% (504,456 shares) of The Central Europe, Russia, and Turkey Fund (NYSE: CEE) saw approximately 68% (6.9 million shares) tendered. Under the final pro ratacalculation 7.3% of the tendered shares were accepted for payment. The fund's discount ended September roughly where it began at 11.6%.

Trustees of Nuveen Multi-Market Income Fund (NYSE: JMM) approved an open-market share repurchase program for the fund whereby JMM may repurchase up to 10% of its common shares at management's discretion. The discount on JMM held firm at 12.1%.

MERGERS AND REORGANIZATIONS

Shareholders of BlackRock Income Opportunity Trust (NYSE: BNA) approved the merger of their fund into BlackRock Core Bond Trust (NYSE: BHK). However, at the same meeting the reorganization of BlackRock Income Trust (NYSE: BKT) into BHK did not receive sufficient favorable votes and was consequently not approved. The merger of BNA and BHK will be effective November 10, 2014. The discount on BHK narrowed a bit to 10.0%, while that of BKT widened from 11.7% to 12.1%.

Salient Midstream & MLP Fund (NYSE: SMM) will host a shareholder meeting on November 13, 2014, to request shareholder approval for the proposed reorganization of Salient MLP & Energy Infrastructure Fund (NYSE: SMF) into SMM. The discount on SMM widened from 7.1% to 8.2% in September.

Shareholders approved the merger of American Municipal Income Portfolio (NYSE: XAA) into Nuveen Quality Municipal Income Fund (NYSE: NQM). The merger is expected to close before October 6, 2014. The discount on WQM widened in September from 6.8% to 7.0%.

American Income Fund (NYSE: MRF) was renamed Nuveen Multi-Market Income Fund (NYSE: JMM)(the fund's investment strategy and portfolio managers remain unchanged). In addition, American Strategic Income Portfolio (NYSE: ASP), American Strategic Income Portfolio II (NYSE: BSP), American Strategic Income Portfolio III (NYSE: CSP), and American Select Portfolio (NYSE: SLA) were merged into a newly organized CEF called Diversified Real Asset Income Fund (NYSE: DRA), which is managed by Nuveen Fund Advisors.

OTHER

Shareholders of The Taiwan Fund (TWN) approved a proposed investment advisory and management agreement between the fund and JF International Management, with 75.3% of its shareholders voting in favor. In addition, trustees authorized management to make open-market purchases of up to 10% of the fund's outstanding shares when they trade at a discount of more than 9%. The discount on TWN narrowed from 10.2% to 9.7%.

Trustees of Clough Global Equity Fund (NYSE: GLQ) approved a change to the fund's fiscal year-end from March 31 to October 31. The fund is operating in a seven-month stub period from April 1, 2014, to October 31, 2014. The fund's discount widened slightly from 11.6% to 11.9%.

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CEF Performance Statistics

LIPPER

Category	Average 1Mo NAV Change	Average 1Mo Mkt Change	Average P/D 9/30/2014 (%)	Average P/D 8/30/2014 (%)	Average 1 Mo P/D Change	Average YTD NAV Change	Average YTD Mkt Change	Average YTD P/D Change (%)
California Municipal Debt Funds	0.1%	-0.6%	-6.97	-6.31	-0.65%	10.8%	9.4%	1.4%
Convertible Securities Funds	-4.2%	-4.5%	-4.61	-4.33	-0.28%	-2.0%	0.9%	-3.0%
Core Funds	-3.9%	-4.3%	-8.91	-8.44	-0.47%	0.4%	-0.4%	0.8%
Corporate BBB-Rated Debt Funds(Leveraged)	-1.8%	-1.9%	-9.53	-9.46	-0.07%	3.2%	2.6%	0.6%
Corporate Debt Funds BBB-Rated	-1.9%	-2.0%	-9.46	-9.37	-0.09%	1.4%	2.4%	-1.0%
Developed Market Funds	-4.2%	-4.7%	-10.57	-10.15	-0.42%	-1.5%	-3.0%	1.5%
Emerging Markets Funds	-5.2%	-5.5%	-9.40	-9.61	0.21%	0.4%	-1.0%	1.5%
Emerging Mrkts Hard Currency Debt Funds	-5.0%	-5.2%	-9.98	-9.80	-0.18%	-1.2%	-1.2%	0.0%
Energy MLP Funds	-3.1%	-3.9%	-5.48	-5.24	-0.25%	13.9%	9.2%	4.7%
General & Insured Muni Debt Funds (Leveraged)	0.0%	-1.0%	-8.77	-7.84	-0.93%	11.8%	9.6%	2.2%
General & Insured Muni Fds (Unleveraged)	0.0%	-0.5%	-5.02	-4.58	-0.44%	7.0%	7.4%	-0.4%
General Bond Funds	-3.1%	-3.3%	-5.95	-4.05	-1.90%	0.5%	1.1%	-0.6%
Global Funds	-4.6%	-4.8%	-9.59	-9.47	-0.12%	-2.8%	-0.8%	-2.0%
Global Income Funds	-3.0%	-3.7%	-8.01	-7.24	-0.77%	0.5%	0.7%	-0.2%
Growth Funds	-3.2%	-7.5%	-12.01	0.38	-12.39%	-1.7%	-10.6%	8.9%
High Yield Funds	-2.6%	-2.8%	-6.44	-6.11	-0.32%	-2.4%	-1.4%	-0.9%
High Yield Funds (Leveraged)	-3.0%	-4.1%	-6.62	-5.60	-1.03%	-1.1%	-1.8%	0.7%
High Yield Municipal Debt Funds	0.2%	-0.5%	-3.32	-2.68	-0.63%	9.0%	9.3%	-0.2%
Income & Preferred Stock Funds	-2.2%	-2.3%	-7.99	-7.85	-0.14%	6.7%	7.1%	-0.4%
Intermediate Municipal Debt Funds	-0.2%	-0.8%	-6.25	-5.70	-0.55%	7.0%	5.1%	1.8%
Loan Participation Funds	-1.4%	-2.5%	-8.49	-7.61	-0.88%	-1.7%	-5.6%	3.8%
Natural Resources Funds	-5.8%	-6.4%	-11.42	-10.53	-0.88%	7.0%	8.4%	-1.4%
New Jersey Municipal Debt Funds	-0.1%	-1.1%	-12.46	-11.60	-0.86%	10.2%	7.0%	3.3%
New York Municipal Debt Funds	-0.1%	-1.4%	-8.53	-7.41	-1.12%	9.7%	7.3%	2.4%
Options Arbitrage/Opt Strategies Funds	-2.9%	-3.9%	-3.79	-2.28	-1.50%	-0.9%	2.8%	-3.7%
Other States Municipal Debt Funds	-0.1%	-0.6%	-7.82	-7.30	-0.52%	9.7%	11.0%	-1.3%
Pacific Ex Japan Funds	-5.3%	-5.3%	-10.43	-10.46	0.03%	0.1%	-1.0%	1.0%
Pennsylvania Municipal Debt Funds	0.3%	-0.8%	-11.41	-10.49	-0.91%	10.1%	9.5%	0.5%
Real Estate Funds	-4.5%	-4.2%	-11.98	-11.22	-0.76%	7.2%	7.2%	0.0%
Sector Equity Funds	-4.0%	-5.6%	-6.11	-4.79	-1.31%	2.2%	2.7%	-0.4%
U.S. Mortgage Funds	-0.6%	-1.7%	-9.12	-7.92	-1.20%	2.4%	1.0%	1.4%
Utility Funds	-5.1%	-4.3%	-5.77	-6.64	0.88%	6.9%	8.6%	-1.7%
Value Funds	-3.1%	-2.5%	-10.29	-10.80	0.52%	3.1%	4.4%	-1.3%

Top 5 Performing CEFs

LIPPER

Fund Name	Category	Ticker Symbol	1-Month NAV Change	Rank
SharesPost 100 Fund	Sector Equity Funds	PRIV	6.7%	1
EGA Frontier Dvsfd Core	Emerging Markets Funds		3.2%	2
Putnam Premier Income	General Bond Funds	PPT	0.8%	3
Eaton Vance PA Muni Inc	Pennsylvania Municipal Debt Funds	EVP	0.7%	4
Eaton Vance PA Muni Bd	Pennsylvania Municipal Debt Funds	EIP	0.7%	5

Fund Name	Category	Ticker Symbol	Year-to-Date NAV Change	Rank
Morg Stan India Inv	Emerging Markets Funds	IIF	35.3%	1
India Fund	Emerging Markets Funds	IFN	28.8%	2
Salient Midstream & MLP	Energy MLP Funds	SMM	23.6%	3
Tortoise Pipelne & Enrgy	Natural Resources Funds	TTP	22.5%	4
Eaton Vance Muni Inc Tr	General & Insured Muni Debt Funds (Leveraged)	EVN	21.9%	5

Fund Name	Category	Ticker Symbol	1-Month Market Change	Rank
Self Storage Group	Real Estate Funds	SELF	11.5%	1
Firsthand Technology Val	Sector Equity Funds	SVC	4.8%	2
Eaton Vance MA Muni Bd	Other States Municipal Debt Funds	MAB	4.3%	3
India Fund	Emerging Markets Funds	IFN	4.1%	4
Morg Stan India Inv	Emerging Markets Funds	IIF	3.5%	5

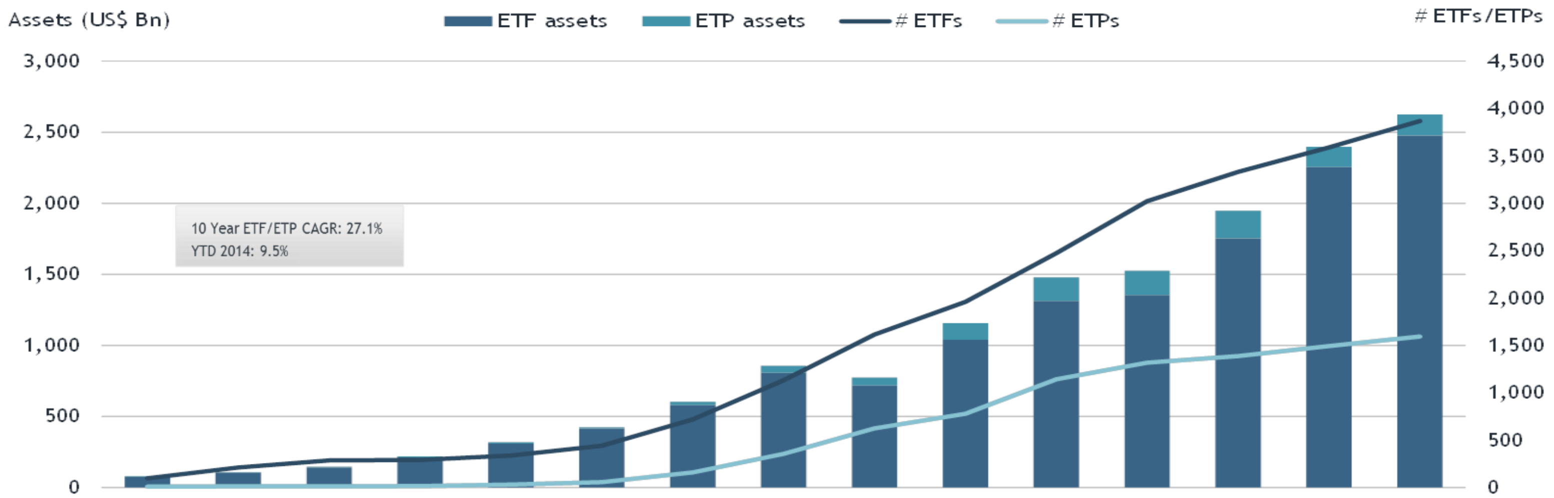
Fund Name	Category	Ticker Symbol	Year-to-Date Market Change	Rank
Morg Stan India Inv	Emerging Markets Funds	IIF	42.3%	1
India Fund	Emerging Markets Funds	IFN	35.7%	2
Kayne Anderson Enrgy Dev	Natural Resources Funds	KED	30.6%	3
Salient Midstream & MLP	Energy MLP Funds	SMM	23.0%	4
Columbia Sel Prm Tech Gr	Options Arbitrage/Opt Strategies Funds	STK	21.7%	5

Fund Name	Category	Ticker Symbol	1-Month P/D Change	Rank
PIMCO Gl StksPLUS & Inc	Options Arbitrage/Opt Strategies Funds	PGP	45.01	1
PIMCO High Income	General Bond Funds	PHK	38.32	2
Pioneer High Income Tr	High Yield Funds (Leveraged)	PHT	26.4	3
Gabelli Utility Trust	Utility Funds	GUT	23.53	4
Cushing MLP Tot Ret	Energy MLP Funds	SRV	23.29	5

Fund Name	Category	Ticker Symbol	Year-to-Date P/D Change	Rank
Gabelli Utility Trust	Utility Funds	GUT	16.7%	1
First Tr Spec Fin&Finl	Sector Equity Funds	FGB	16.3%	2
MFS Special Value Trust	High Yield Funds	MFV	12.2%	3
Columbia Sel Prm Tech Gr	Options Arbitrage/Opt Strategies Funds	STK	11.3%	4
Nuveen MO Prem Inc Muni	Other States Municipal Debt Funds	NOM	11.2%	5

Global ETF and ETP asset growth as at end of September 2014

At the end of September 2014, the Global ETF/ETP industry had 5,463 ETFs/ETPs, with 10,510 listings, assets of US$2.62 trillion, from 225 providers on 61 exchanges.



Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	Sep-14
# ETFs	97	211	286	291	337	440	719	1,132	1,614	1,961	2,473	3,022	3,334	3,590	3,868
# ETFs/ETPs	108	223	298	306	367	506	887	1,543	2,237	2,739	3,615	4,339	4,722	5,084	5,463
ETF assets	74	105	142	212	310	416	579	806	716	1,041	1,313	1,355	1,754	2,254	2,478
ETF/ETP assets	79	109	146	218	319	425	603	856	774	1,158	1,478	1,526	1,949	2,398	2,625

Summary for ETFs/ETPs: Global

ETFGI's research finds ETFs and ETPs globally have gathered a record 199.0 billion US dollars in net new assets through the end of Q3 2014, surpassing the previous high of US$185.8 Bn set in the first three quarters of 2012. The Global ETF/ETP industry has 5,463 ETFs/ETPs, with 10,510 listings, assets of US$2.6 Tn, from 225 providers listed on 61 exchanges, according to data from ETFGI's end Q3 2014 Global ETF and ETP industry insights report.

YTD NNA flows reached record levels for the ETF/ETP industries in Japan at US$15.0 Bn, Europe at US$47.4 Bn, and globally at US$199.0 Bn.

"In September investors invested the majority of net new money into North American equity exposures. Due to the on-going situation in the Ukraine, Scotland's referendum vote, and the Bank of England Governor's statement that a rate increase was "getting closer", investors reduced their exposure to Europe. The unfavourable geopolitical environment caused the S&P 500 to decline 1% in September. Developed markets declined 4% while emerging markets declined 7%." according to Deborah Fuhr, Managing Partner at ETFGI.

In September 2014, ETFs/ETPs saw net inflows of US$13.2 Bn. Equity ETFs/ETPs gathered the largest net inflows with US$14.8 Bn, while fixed income ETFs/ETPs saw net outflows of US$449 Mn and commodity ETFs/ETPs experienced net outflows of US$1.5 Bn.

SPDR ETFs gathered the largest net ETF/ETP inflows in September with US$10.5 Bn, followed by Vanguard with US$7.0 Bn, First Trust with US$939 Mn, Van Eck with US$858 Mn and Wisdom Tree with US$789 Mn.

iShares is the largest ETF/ETP provider in terms of assets with US$980.3 Bn, reflecting 37.3% market share; SPDR ETFs is second with US$431.6 Bn and 16.4% market share, followed by Vanguard with US$406.8 Bn and 15.5% market share. The top three ETF/ETP providers, out of 225, account for 69.3% of Global ETF/ETP assets, while the remaining 222 providers each have less than 4% market share.

In September 2014, 65 new ETFs/ETPs were launched by 26 providers. Including cross listings, there were 183 new listings from 30 providers on 20 exchanges. 23 ETFs/ETPs closed and there were a total of 133 listings removed from 7 exchanges. YTD through end of September 2014, 504 new ETFs/ETPs have been launched by 91 providers. Including cross listings, there have been 950 new listings from 95 providers on 35 exchanges. 125 ETFs/ETPs have closed, with a total of 574 listings removed from 23 exchanges.

The top 100 ETFs/ETPs, out of 5,463, account for 56.2% of Global ETF/ETP assets. 389 ETFs/ETPs have greater than US$1 Bn in assets, while 3,728 ETFs/ETPs have less than US$100 Mn in assets, 3,204 ETFs/ETPs have less than US$50 Mn in assets and 1,756 ETFs/ETPs have less than US$10 Mn in assets.

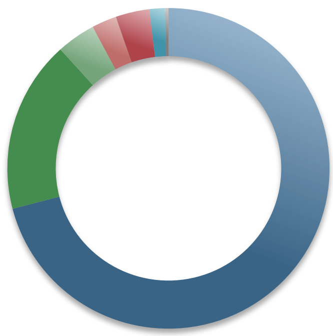
Source: ETFGI data sourced from ETF/ETP sponsors, exchanges, regulatory filings, Thomson Reuters/Lipper, Bloomberg, publicly available sources, and data generated by our in-house team.

Note: "ETFs" are typically open-end index funds that provide daily portfolio transparency, are listed and traded on exchanges like stocks on a secondary basis as well as utilising a unique creation and redemption process for primary transactions. "ETPs" refers to other products that have similarities to ETFs in the way they trade and settle but they do not use a mutual fund structure. The use of other structures including grantor trusts, partnerships, notes and depositary receipts by ETPs can create different tax and regulatory implications for investors when compared to ETFs which are funds.

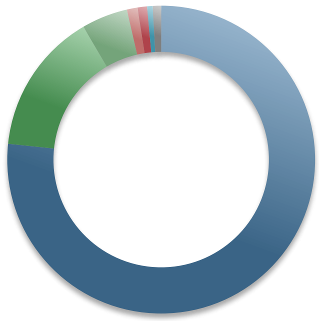
Global ETF/ETP Assets Summary

etfgi.com

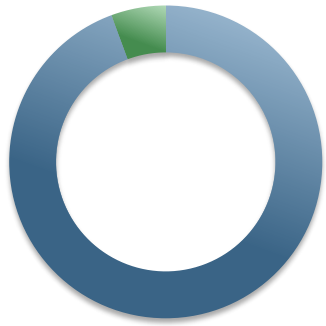
ETF/ETP assets by region listed



ETF/ETP assets by asset class



ETF/ETP assets by product structure



Region	# ETFs/ ETPs	Assets (US$ Bn)	% total
US	1,650	$1,862	70.9%
Europe	2,081	$456	17.4%
Asia Pacific (ex-Japan)	557	$103	3.9%
Japan	140	$89	3.4%
Canada	317	$65	2.5%
Middle East and Africa	675	$41	1.6%
Latin America	43	$8	0.3%
Total	5,463	**$2,625**	**100.0%**

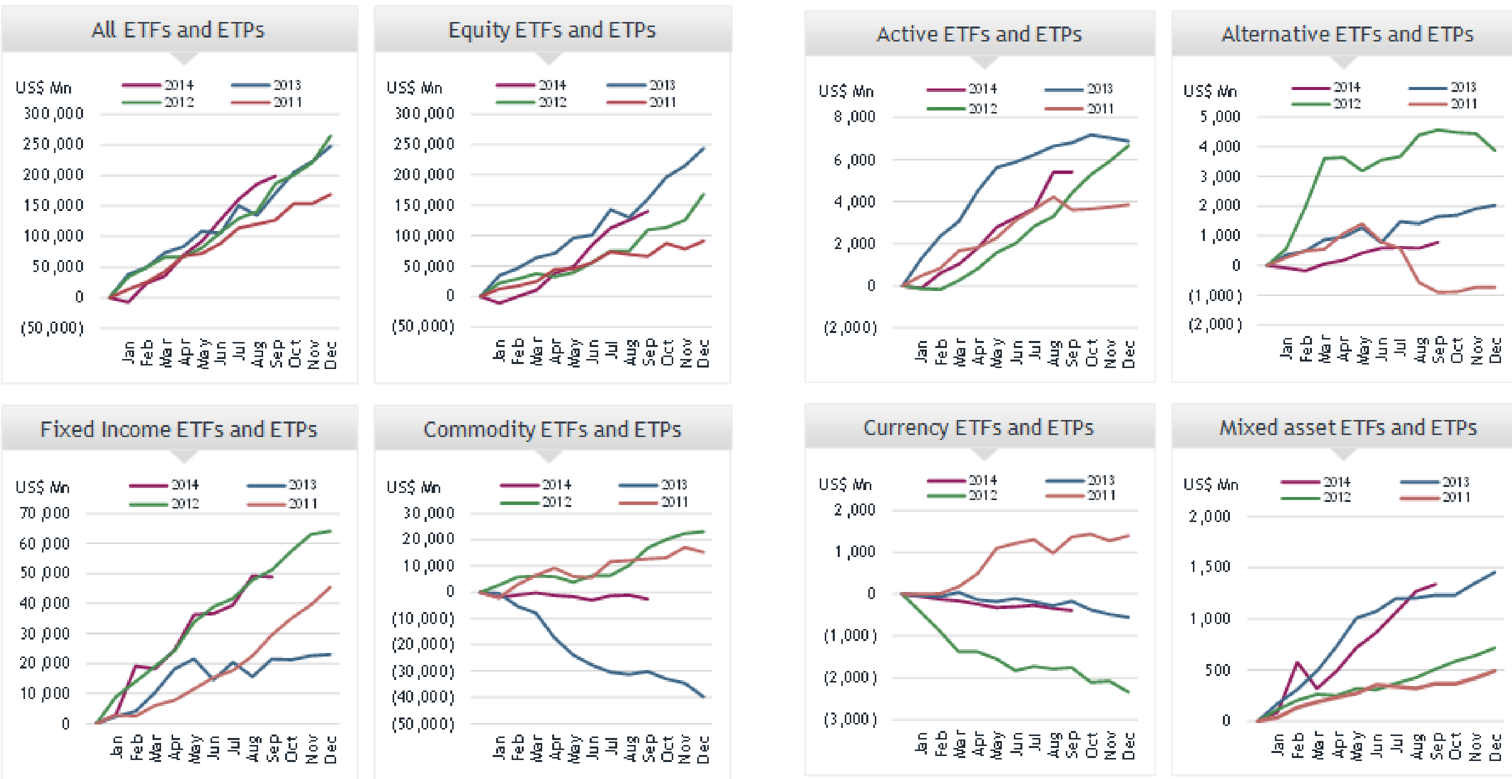
Asset class	# ETFs/ ETPs	Assets (US$ Bn)	% total
Equity	2,832	$2,012	76.6%
Fixed Income	812	$392	14.9%
Commodities	744	$127	4.8%
Leveraged	315	$29	1.1%
Active	175	$26	1.0%
Leveraged Inverse	163	$16	0.6%
Others	422	$23	0.9%
Total	**5,463**	**$2,625**	**100.0%**

Asset class	# ETFs/ ETPs	Assets (US$ Bn)	% total
ETF	3,868	$2,478	94.4%
ETP	1,595	$148	5.6%
Total	**5,463**	**$2,625**	**100.0%**

Source: ETFGI data sourced from ETF/ETP sponsors, exchanges, regulatory filings, Thomson Reuters/Lipper, Bloomberg, publicly available sources, and data generated by our in-house team.

Source: ETFGI data sourced from ETF/ETP sponsors, exchanges, regulatory filings, Thomson Reuters/Lipper, Bloomberg, publicly available sources, and data generated by our in-house team. Note: This report is based on the most recent data available at the time of publication. Asset and flow data may change slightly as additional month-end data becomes available.

YTD 2013 vs 2012, 2011 ETF and ETP net new assets by asset class: Global



ETFs and ETPs listed globally gathered net inflows of $13,181 Mn in September. Year to date, net inflows stand at $199,032 Mn. At this point last year there were net inflows of $171,033 Mn.

Equity ETFs/ETPs saw net inflows of $14,806 Mn in September, bringing year to date net inflows to $140,293 Mn, which is less than the net inflows of $159,994 Mn over the same period last year.

Fixed income ETFs and ETPs experienced net outflows of $449 Mn in September, reducing year to date net inflows to $48,758 Mn. Over the same period last year net inflows stood at $21,436 Mn.

Commodity ETFs/ETPs saw net outflows of $1,527 Mn in September. Year to date, net outflows are at $2,614 Mn, compared to net outflows of $30,165 Mn over the same period last year.

Actively managed products saw net inflows of $8 Mn in September, taking year to date net inflows to $5,406 Mn. This is less than the net inflows of $6,809 Mn over the same period last year.

Products tracking alternative indices gathered net inflows of $203 Mn in September, growing year to date net inflows to $780 Mn, which is less than over the same period last year which saw net inflows of $1,653 Mn.

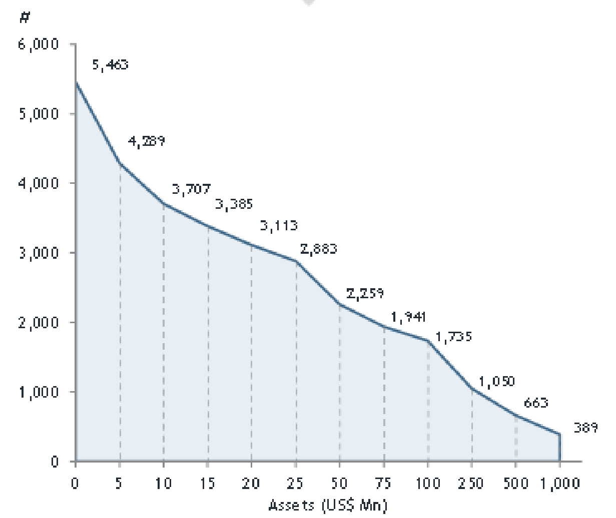
Currency products saw net outflows of $45 Mn in September. Year to date, net outflows are at $386 Mn, compared to net outflows of $170 Mn over the same period last year.

Products holding more than one asset class saw net inflows of $68 Mn in September, bringing year to date net inflows to $1,335 Mn, which is greater than the net inflows of $1,232 Mn over the same period last year.

Source: ETFGI data sourced from ETF/ETP sponsors, exchanges, regulatory filings, Thomson Reuters/Lipper, Bloomberg, publicly available sources, and data generated by our in-house team.
Note: This report is based on the most recent data available at the time of publication. Asset and flow data may change slightly as additional month-end data becomes available.

Distribution of ETFs/ETPs by size

ETF/ETP assets



Assets greater than (US$ Mn)	# ETFs	% total	Total assets (US$ Bn)	% total
0	5,463	100.0%	2,621	100.0%
5	4,289	78.5%	2,618	99.9%
10	3,707	67.9%	2,614	99.8%
15	3,385	62.0%	2,610	99.6%
20	3,113	57.0%	2,605	99.4%
25	2,883	52.8%	2,600	99.2%
50	2,259	41.4%	2,578	98.4%
75	1,941	35.5%	2,558	97.6%
100	1,735	31.8%	2,540	96.9%
250	1,050	19.2%	2,431	92.8%
500	663	12.1%	2,295	87.6%
1,000	389	7.1%	2,100	80.1%

389 ETFs/ETPs have greater than US$1 Bn in assets, while 1,735 have greater than US$100 Mn in assets and 2,259 have greater than US$50 Mn in assets. The 389 ETFs/ETPs with greater than US$1 Bn in assets hold a combined total of US$2,100 Bn, or 80.1%, of Global ETF/ETP assets.

ETF/ETP underlying benchmarks: developed equity

Top 20 by assets

Name	Assets (US$ Mn) Sep-14	NNA (US$ Mn) Sep-14	NNA (US$ Mn) YTD 2014
S&P 500 Index	304,545	13,212	14,619
MSCI EAFE Index	56,018	792	3,481
NASDAQ 100 Index	46,664	(3,623)	(7,515)
CRSP US Total Market Index	45,764	353	4,427
Nikkei 225 Index	43,999	(678)	5,695
TOPIX Index	39,094	194	5,577
S&P Mid Cap 400 Index	38,183	1,394	(872)
EURO STOXX 50 Index	28,140	(2,076)	(2,558)
MSCI Japan Index	27,214	(130)	1,315
Russell 1000 Growth Index	25,234	283	832
DAX Index	24,791	(3,813)	(3,246)
Russell 2000 Index	23,784	(1,146)	(4,212)
Russell 1000 Value Index	23,769	69	1,504
FTSE Developed ex North America Index	23,069	247	5,101
MSCI US REIT Index	22,968	(236)	3,628
NASDAQ Dividend Achievers Select Index	19,921	(75)	85
S&P Financial Select Sector Index	18,878	330	775
MSCI World Index	18,516	(44)	1,116
CRSP US Large Cap Growth Index	15,548	162	1,305
CRSP US Large Cap Value Index	15,470	511	2,188

Top 20 by monthly net inflows

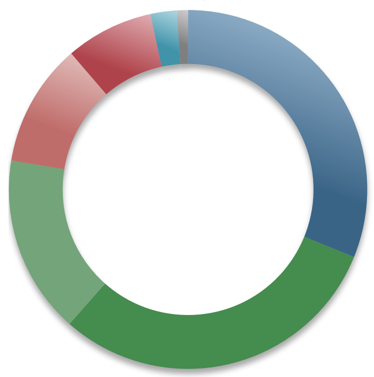
Name	Assets (US$ Mn) Sep-14	NNA (US$ Mn) Sep-14	NNA (US$ Mn) YTD 2014
S&P 500 Index	304,545	13,212	14,619
S&P Mid Cap 400 Index	38,183	1,394	(872)
MSCI EAFE Index	56,018	792	3,481
S&P Consumer Staples Select Sector Index	7,581	741	663
S&P/TSX 60 Index	12,338	665	(872)
Dow Jones Industrial Average Index	13,366	619	(1,023)
Wisdom Tree Europe Hedged Equity Index	2,933	581	2,239
CRSP US Large Cap Value Index	15,470	511	2,188
STOXX Europe 600 Index	7,597	508	941
Dow Jones US Industrials Index	1,794	474	207
FTSE 100 Index	11,230	422	154
WisdomTree Japan Hedged Equity Index	10,863	416	(1,979)
S&P Consumer Discretionary Select Sector Index	6,757	398	(693)
CRSP US Total Market Index	45,764	353	4,427
MSCI Europe Index	11,666	341	2,546
S&P Financial Select Sector Index	18,878	330	775
Hang Seng Index	12,665	328	248
S&P Oil & Gas Exploration & Production Select Industry Index	1,429	299	538
MSCI Germany Index	5,103	291	(627)
Russell 1000 Growth Index	25,234	283	832

Source: ETFGI data sourced from ETF/ETP sponsors, exchanges, regulatory filings, Thomson Reuters/Lipper, Bloomberg, publicly available sources, and data generated by our in-house team.

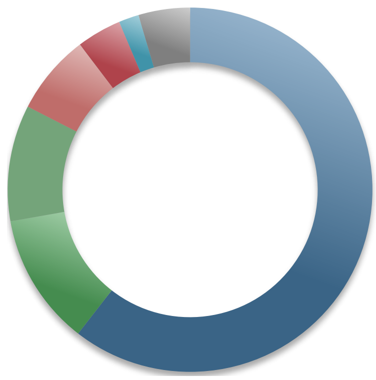
Year to Date ETF / ETP Product Launches

YTD ETF/ETP product launches

ETFs/ETPs by region listed



ETFs/ETPs by asset class



ETFs/ETPs by product structure

Region	# ETFs/ETPs	% total
US	157	31.2%
Europe	153	30.4%
Middle East and Africa	81	16.1%
Asia Pacific (ex-Japan)	56	11.1%
Canada	40	7.9%
Japan	12	2.4%
Latin America	5	1.0%
Total	**504**	**100.0%**

Asset class	# ETFs/ETPs	% total
Equity	305	60.5%
Fixed income	59	11.7%
Active	52	10.3%
Leveraged	36	7.1%
Leveraged Inverse	20	4.0%
Currency	9	1.8%
Others	23	4.6%
Total	**504**	**100.0%**

Structure	# ETFs/ETPs	% total
ETF	378	75.0%
ETP	126	25.0%
Total	**504**	**100.0%**

Source: ETFGI, Bloomberg, ETF/ETP providers.

Please visit www. Etfgi.com and contact deborah.fuhr@etfgi.com if you would like to subscribe to ETFGI's full monthly Global ETF and ETP industry insights reports containing over 300 pages of charts and analysis, ETFGI's Institutional Users of ETFs and ETPs report or a custom analysis.

Leveraged Closed-End Funds Weather U.S. Rate Shock Scenarios

October 7, 2014

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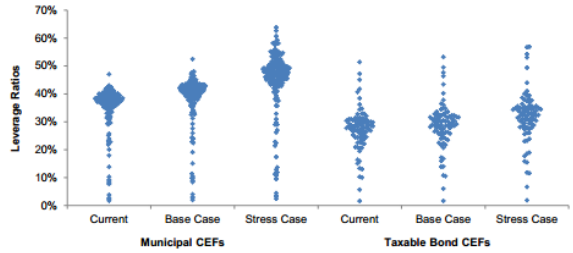
Base and Shock Scenarios: Fitch Ratings expects the Federal Reserve to start raising interest rates in mid-2015, as published in the September 2014 report "U.S. Monetary Policy: Implications of an Interest Rate Shock." Fitch's base case calls for the Fed Funds rate to reach 1.5% by 2016. That said, a more severe shock scenario, while not our expected case, would leave the Fed Funds rate near 4.0% by 2016. The yield on 10-year U.S. Treasury note is forecast to reach 3.75% in the base case and 5.5% in the shock scenario over the same period.

Direct Impact on Bond CEFs: Rising interest rates have a direct impact on fixed-income closed-end fund (CEF) performance, depending on their respective duration positioning. Duration measures sensitivity to interest rates and is larger for portfolios with longer dated maturities of fixed coupon bonds. In contrast, floating-rate loan CEFs are much less exposed to a rising rate environment, absent any adverse credit events.

Rising Rate Impact on Fund Leverage Ratios
(Current Leverage Stressed to Fitch's Base and Stress Case Scenarios)



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Fitch Updates Market on Closed-End Fund Issuance of Debt and Preferred Stock

October 15, 2014

Fitch Ratings-New York-15 October 2014: Taxable closed-end funds (CEFs) have issued over $1.1 billion of private notes and preferred stock to insurance companies year to date. The investor group has broadened and the securities are pricing at tighter spreads.

Bank funding (i.e. facility, prime brokerage, and repos) is up over $2.2 billion over the same time period. The sector has refinanced another $400 million of auction preferred stock (ARPS) using various tender offers at or below par, leaving just $2.8 billion across 19 funds today.

Click here for complete reading

Rating Actions

To access the complete rating action, please click on the links below.

- **Fitch Affirms Neuberger Berman High Yield Strategies Fund Notes and Preferred Shares' – September 15, 2014**
- **Fitch Affirms FMTP Issued by MainStay DefinedTerm Municipal Opportunities Fund 'AAA' –September 18, 2014**
- **Fitch Affirms Neuberger Berman Real Estate Securities Income Fund Preferred Stock at 'AA'– September 18, 2014**
- **Fitch Rates & Affirms Nuveen Muni CEF Preferred Shares on Merger– October 6, 2014**
- **Fitch Rates New Kayne Anderson Fund Notes 'AAA'; Affirms Existing Ratings– October 8, 2014**
- **Fitch Rates Tortoise Energy Infrastructure Pfd at 'AA'; Affirms Existing Ratings– October 10, 2014**

BDC Boot Camp: An Introduction to Business Development Companies

September 15, 2014

Authored by:
John Cole Scott, CFS
EVP, Portfolio Manager,
Closed-End fund Advisors, Inc.

Our firm has been zeroing in on BDCs for most of 2014; adding them to our CEF Universe data and news / SEC filing coverage, our Monthly Best Ideas List, launching a managed BDC account in September or partnering with a UIT provider for a BDC UIT for November. The similarities between traditional CEFs and BDCs are what initially drew us to the structure. However, it is important to understand both the similarities and differences in order to decide how and/or when to invest in a BDC. We hope this article will help prepare you to be able to do this. This article is a companion to a video we produced and is posted on our blog: www.CEF-Blog.com. We will begin by discussing the origin of BDCs using data from the September 26th, 2014 issue for our data service.

A Business Development Company is a closed-end fund that is publically listed, with exposure to private equity investments. BDCs were created by Congress in 1980 as an amendment to the 40 Act and are required to own 70%+ of US small to midsized businesses; they can make both debt and equity investments in private or thinly traded companies as long as they are under $250M market capitalization for the 70% exposure.

Like CEFs, BDCs, as regulated investment companies, receive tax beneficial treatment, as defined by the Investment Company Act, as long as they pass on 90%+ of their income to shareholders. They are regulated by the SEC and file 10-Qs, 10-Ks and 8-Ks. BDCs also must have a majority of independent directors, offer to provide managerial assistance to their portfolio companies, place securities at a custodian and provide and maintain a Fidelity Bond to protect the company from larceny and embezzlement. They must maintain a code of ethics and a comprehensive compliance program, and are prohibited from most affiliated transactions. Historically on average about 10% of filers get reviewed by the SEC each year. For BDCs, some years it is none and some years it has been half the funds in existence. We hear the SEC will be increasing audits as more investors use BDCs for their portfolios. In addition, BDCs are similar to venture capital or private equity as they provide a vehicle for investors to invest in small or private companies without having to be accredited investors.

This introduction to the history of why the BDC sector was created demonstrates how retail investors were the intended benefactors. However, it is also important to know what characteristics are common among well performing funds, in order to be able to choose the one(s) that are right for your portfolio. With a rising rate environment around the corner it is better to begin your education on this sector sooner rather than later.

Forty-two of the fifty-one publicly listed BDCs are debt-based, or have 66.6%+ debt investments according to our definition, and have an average yield of 9.7% as of September 19, 2014. That is why it is important for investors to know what is normal for debt-based BDCs. The average fund is showing 91% dividend coverage from Net Investment Income and 90% debt assets in their portfolio. The average fund has $696M in market capitalization and trades on average $6.4M dollars a day. When compared to traditional taxable CEFs, the debt-based BDCs are generally more liquid; 44% of traditional taxable funds trade under $1M per day, with an average of $1.3M per day in liquidity versus only 25% of debt-based BDCs trade under $1M per day. Discounts are currently at an average of par. Premiums are normal for Debt BDCs; current +0% levels vs. a one year average of +4.5% and a three year average of +2.3% demonstrates this claim. 90% of the 9.7% avg. yield of debt-based BDCs is short-term gains and therefore they should not be considered tax-sensitive vehicles.

BDCs handled rising rates well in the past and we anticipate that they will also do so the next time around. There was a 4.5% yield increases, on average, for the 5 Deb-based BDCs that existed from March 2004 to September 2007 when 30-Day Libor went up over 4%. The average market price TR was about 32% vs. the S&P 500 was up 42% over the same time period. For some of these funds, like for other dividend-focused investments, when rates rise investors often pull back and prices can initially decline. Plus, many BDCs have Libor floors that are currently beneficial, but will cause a short-term lag to performance on their portfolios when rates rise. However, many of the BDCs we like have a significant amount of their leverage that is fixed (normal is about half) and assets that are variable or floating. Therefore, for most funds, after the first 1% move in Libor, the trends should generally be favorable.

Manager due-diligence and portfolio analysis is important in selecting a BDC because NAV is only updated quarterly. For example, this quarter there was about a 5 week period from the end of July through the first week of September when NAV/Earrings were updated for BDCs. However, the busiest part of the quarter is the two week period from the beginning of the second month of a quarter when 80% of BDCs announce their NAV/Earnings.

Click here for complete reading

Early Thoughts on Tax-Loss Selling Season

September 24, 2014

Authored by:
Jeff Margolin
Senior Vice President
First Trust

With the fourth quarter about a week and a half away, the topic of tax-loss selling and closed-end funds (CEFs) is one that is often on the forefront of CEF investors' minds.Tax-loss selling is when investors sell securities to realize losses in order to offset gains within their portfolios. Tax-loss selling in the CEF structure often is most pronounced from roughly mid-November to the third week of December. It can lead to enhanced volatility and discounts to net asset value (NAV) widening during this period.The share price weakness and discount widening from tax-loss selling tends to be a short-lived, technical phenomenon that historically reverses course at the beginning of the following year when discounts to NAV often narrow and bargain hunters look to take advantage of the discounts and opportunities that were created during the previous quarter's tax-loss selling.

Historically, tax-loss selling is most prominent during years in which the total returns for the majority of CEFs and categories within the CEF structure are lower for the year and therefore CEF investors have losses to take. With the average CEF up 9.65% year-to-date (YTD) through September 19th (according to Morningstar) on a share price total return basis, it has clearly been a positive year for the average CEF in 2014. Moreover, not only is the average CEF return positive by nearly 10% YTD, but it has also been a very broad rally with almost every category of the CEF marketplace positive for the year. Indeed, according to Morningstar, Emerging Markets is the only broad CEF category with a negative share price total return with the 18 CEFs in this category lower on average by 0.77% YTD, as of 9/19/14.

While a lot can change between now and the end of the calendar year, based on the fact that most CEFs have produced positive share price total returns so far in 2014, I believe conditions do not appear likely for there to be a lot of tax-loss selling in the CEF structure this year.However, it is important to state that while the CEF structure might not experience significant tax-loss selling in the fourth quarter, I believe there is still the possibility for some enhanced volatility as investors potentially begin the process of repositioning CEF portfolios ahead of 2015 when the Federal Reserve could finally begin to increase the Federal Funds rate, which has been at 0-0.25% since December of 2008. Also, while this has been a very solid year from a share price total return perspective for most CEFs, it does not mean CEF investors do not have losses in individual CEFs they have owned for more than a year, and therefore could still be candidates for tax-related selling. Either way, my primary focus as the fourth quarter commences is to continue to be an active proponent of CEF investors utilizing a four part "game plan" focused on adjusting CEF portfolios ahead of the potential increase in the Federal Funds rate that I outlined in this commentary piece from July 24, 2014: Click here to view 7/24/14 commentary.

Unlike open-end funds, which trade at prices based on a current determination of a fund's net asset value, closed-end funds frequently trade at a discount to their net asset value in the secondary market.Not all closed-end funds invest in income-producing securities and there is no guarantee that a fund's yield will not fall regardless of whether the discount widens. In addition, as an investor's total return will be impacted by the value of the fund's shares, a widening discount will negatively affect total return.

Closed-end funds are subject to various risks, including management's ability to meet a fund's investment objective, and to manage a fund's portfolio when the underlying securities are redeemed or sold, during periods of market turmoil and as investors' perceptions regarding the funds or their underlying investments change.

Certain closed-end funds may employ the use of leverage which increases the volatility of such funds. All opinions expressed constitute judgments as of the date of release, and are subject to change without notice. There can be no assurance forecasts will be achieved. The information is taken from sources that we believe to be reliable but we do not guarantee its accuracy or completeness.

Exchange-Traded Tracking Products

September 19, 2014

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Grantor Trusts

A necessary structure for certain kinds of exposures is accompanied by different taxation

As the exchange-traded tracking products (ETPs) industry has developed over time, the types of structures used to provide exposure to certain asset classes has expanded. However, given that exposures to certain types of assets are not permitted in investment companies subject to the provisions of the Investment Company Act of 1940 (1940 Act), certain products, including ETPs, have filed under alternative structures. One of these types of structures is a grantor trust.

ETPs that hold instruments other than cash and/or what are deemed as "securities"[1] may not register under the 1940 Act. In particular, precious metals ETPs that hold bullion, or currency ETPs that hold demand deposits, must register as grantor trusts under the Securities Act of 1933. Although the grantor trust structure affords investors the ability to invest in unique asset classes, it does have what some deem as drawbacks — primarily regarding taxation.

Taxation

A grantor trust is not subject to U.S. federal income tax. Instead, its income and expenses "flow through" to its shareholders. Therefore, the shareholders are generally treated as if they directly own the underlying assets and are taxed as such, which may be disadvantageous, at least relative to the tax rules for a 1940 Act fund.

For example, since precious-metals bullion is considered a "collectible," shareholders of a bullion-based grantor trust are assessed the higher collectibles tax rate of 28% for long-term capital gains, rather than the lower rate applied to long-term capital gains on stocks held in an Investment Company. As another example, the shareholders of a demand deposit-based currency grantor trust are taxed at their ordinary tax rate for interest income and capital gains (both long and short-term).

In conclusion, structures other than the 1940 Act allow ETPs to gain access to a wider spectrum of asset classes. However, the flexibility of a grantor trust to provide certain unique exposures is accompanied by a greater tax complexity and burden to shareholders.

[1]Under the 1940 Act, "securities" means any note, stock, treasury stock, security future, bond debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, collateral-trust certificate, pre-organization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option or privilege on any security (including a certificate of deposit) or on any group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to foreign currency, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing.

Annualized, Standardized Total Returns (%) as of 06/30/2014

	1 Year		3 Years		5 Years		Since Inception				
	Price	NAV	Price	NAV	Price	NAV	Price	NAV	Assets ($ mil)	Inception Date	Gross Expense Ratio
AGOL	7.28	9.89	-4.81	-4.78			-1.47	-1.80	58	1/13/2011	0.39%
FXA	4.95	4.96	-1.70	-1.60	6.19	6.15	6.96	6.98	291	6/21/2006	0.41%
FXB	12.13	12.35	1.85	1.80	0.48	0.45	0.21	0.20	84	6/21/2006	0.41%
FXC	-1.21	-0.73	-3.14	-3.06	1.78	1.78	1.39	1.41	269	6/21/2006	0.41%
FXCH	-0.31	-1.47					1.18	1.28	8	9/29/2011	0.41%
FXE	4.80	4.92	-2.16	-2.16	-0.71	-0.71	2.54	2.67	187	12/9/2005	0.41%
FXF	6.08	6.27	-2.16	-2.11	3.71	3.75	4.26	4.26	239	6/21/2006	0.41%
FXSG	1.45	1.33					-0.94	-0.80	8	2/12/2013	0.28%
FXSG	1.45	1.33					-0.94	-0.80	8	2/12/2013	0.28%
FXY	-2.41	-2.34	-7.73	-7.65	-1.40	-1.37	2.11	2.17	82	2/12/2007	0.39%
GLD	7.50	9.88	-4.28	-4.79	7.03	6.65	11.65	11.57	33,829	11/18/2004	0.40%
GLTR	8.49	11.15	-8.40	-8.84			-1.19	-1.27	183	10/22/2010	0.60%
IAU	7.42	10.02	-4.18	-4.66	7.14	6.94	12.42	12.28	6,937	1/21/2005	0.25%
OUNZ	N/A	N/A	N/A	N/A	N/A	N/A	2.45	1.18	57	5/16/2014	0.40%
PALL	27.13	30.47	2.87	2.89			15.48	15.51	553	1/8/2010	0.60%
PPLT	10.34	11.70	-5.45	-5.49			-2.10	-1.89	787	1/8/2010	0.60%
SGOL	7.42	9.89	-4.32	-4.78			5.91	5.69	1,103	9/9/2009	0.39%
SIVR	7.11	10.32	-15.54	-16.10			8.48	8.45	390	7/24/2009	0.45%
SLV	6.75	10.11	-15.73	-16.27	8.64	7.87	6.40	6.27	6,757	4/21/2006	0.50%
WITE	11.20	13.43	-10.25	-10.61			-6.30	-5.70	27	12/1/2010	0.60%

Source: Morningstar, Inc; Performance and Assets as of 06/30/2014

Returns are average annualized total returns, except those for periods of less than one year, which are cumulative.

ETPs with the grantor trust structure are listed below.

Ticker	Name
FXA	CurrencyShares Australian Dollar Trust
FXB	CurrencyShares British Pound Sterling Trust
FXC	CurrencyShares Canadian Dollar Trust
FXCH	CurrencyShares Chinese Renminbi Trust
FXE	CurrencyShares Euro Trust
FXY	CurrencyShares Japanese Yen Trust
FXSG	CurrencyShares Singapore Dollar Trust
FXS	CurrencyShares Swedish Krona Trust
FXF	CurrencyShares Swiss Franc Trust
AGOL	ETFS Asian Gold Trust
PALL	ETFS Physical Palladium Shares
PPLT	ETFS Platinum Trust
GLTR	ETFS Physical Precious Metal Basket Shares
SIVR	ETFS Physical Silver Shares
SGOL	ETFS Gold Trust
WITE	ETFS White Metals Basket Trust
IAU	iShares Gold Trust
SLV	iShares Silver Trust
OUNZ	Merk Gold Trust
GLD	SPDR Gold Shares

The performance presented is past performance, which is not a guarantee of future results; current performance may be lower or higher than the performance quoted. The investment return and principal value will fluctuate, and shares, when sold, may be worth more or less than their original cost.

Shares of ETPs are bought and sold at market price which may differ significantly from the ETP's net asset value and are not individually redeemed from the fund.

Brokerage commissions will reduce returns.

Ticker	Website	Ticker	Website
AGOL	www.etfsecurities.com	GLD	www.spdrgoldshares.com
FXA	www.currencyshares.com	GLTR	www.etfsecurities.com
FXB	www.currencyshares.com	IAU	www.ishares.com
FXC	www.currencyshares.com	OUNZ	www.merkgold.com
FXCH	www.currencyshares.com	PALL	www.etfsecurities.com
FXE	www.currencyshares.com	PPLT	www.etfsecurities.com
FXF	www.currencyshares.com	SGOL	www.etfsecurities.com
FXSG	www.currencyshares.com	SIVR	www.etfsecurities.com
FXSG	www.currencyshares.com	SLV	www.ishares.com
FXY	www.currencyshares.com	WITE	www.etfsecurities.com

Disclaimers

Exchange-Traded Funds are subject to risks similar to those of stocks. Investment returns may fluctuate and are subject to market volatility, so that an investor's shares, when redeemed, or sold, may be worth more or less than their original cost. Exchange Traded Funds may yield investment results that, before expenses, generally correspond to the price and yield of a particular index. There is no assurance that the price and yield performance of the index can be fully matched.

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An investment in securities of Master Limited Partnerships (MLPs) involves certain risks which differ from an investment in the securities of a corporation. Holders of MLP units have limited control and voting rights on matters affecting the partnership. There are certain tax risks associated with an investment in MLP units and conflicts of interest may exist between common unit-holders and the general partner, including
those arising from incentive distribution payments. MLPs may be sensitive to price changes in oil, natural gas, etc., regulatory risk, and rising interest rates. A change in the current tax law regarding MLPs could result in the MLP being treated as a corporation for federal income tax purposes which would reduce the amount of cash flows distributed by the MLP. Other risks include the volatility associated with the use of leverage; volatility of the commodities markets; market risks; supply and demand; natural and man-made catastrophes; competition; liquidity; market price discount from NAV and other material risks.
An MLP is not required to make distributions and distributions may represent a return of capital.
This report is not a complete analysis of every material fact in respect to any fund or fund type.

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ETF SECURITIES PRECIOUS METALS WEEKLY
HAS GOLD BOTTOMED AT US$1,200/OZ.?

October 13, 2014

Authored by:
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Gold recovers along with market volatility.
Gold and the precious metals recovered last week on the back of a pull-back in the US dollar, prompted by the dovish minutes from the FOMC, and rising stock market volatility. Adding support to precious metals was the largest one week decline in the US 2yr note yield since May of 2010 (-13bps to 0.43%) on a 'flight to safety' bid for US Treasuries. In the shorter-term, the precious metals are simply bouncing back from extreme levels of negative sentiment, undervalued prices and a rise in stock market volatility. With gold prices having fallen close to the marginal cost of production and speculative futures market shorts in the metal having risen close to all-time highs (chart below), last week's bounce could trigger a short-covering rally helping to sustain momentum in the upward trend. Weak data from Germany underscores the fragile state of the Euro area, bolstering the case for further easing from the European Central Bank, which may strengthen demand for gold as a monetary metal. At the same time physical demand for the gold is likely to see a seasonal lift from the upcoming Diwali celebrations in India (23rd October). The precision and timing of a bottom is difficult to predict, but the relative valuations of gold and the precious metals at current levels are quite attractive.

Precious Metal Prices[1]

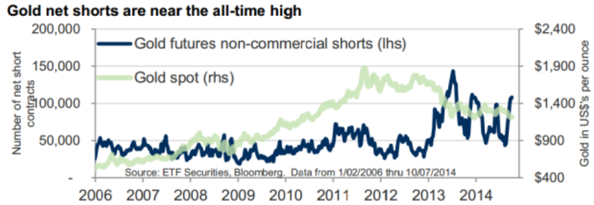
USD/oz	Gold	Silver	Plat.	Pall.
Level	1,219.0	17.3	1,256.0	784.0
Change				
-1 Week	2.0%	1.7%	0.6%	2.8%
-1 Month	-2.6%	-9.2%	-9.1%	-8.4%
-3 Months	-7.9%	-18.1%	-16.2%	-10.0%
YTD	1.3%	-11.5%	-7.4%	9.5%
-12 Months	-6.1%	-21.3%	-9.3%	11.2%

[1] Based on Oct. 10, 2014 London fixing price.
Source: ETF Securities, Bloomberg.

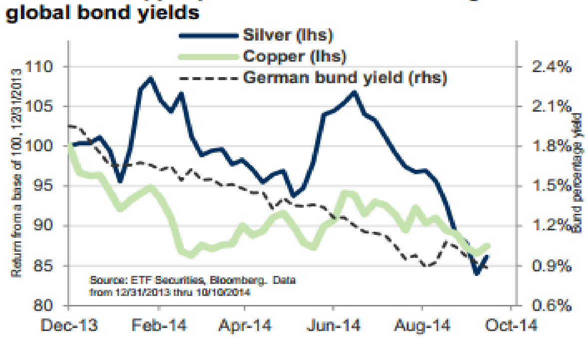
Save our Swiss Gold.
The right-wing Swiss People's Party has prompted a referendum entitled 'Save our Swiss Gold'. On 30 November Swiss voters will decide whether or not to stop the Swiss National bank (SNB) selling gold, force the central bank to hold 20% of foreign reserves as gold and to repatriate all Swiss gold from foreign central bank vaults. The SNB's gold reserves currently total around US$43bn, less than 10% of the SNB's total assets. If the referendum is successful, the SNB would need to purchase at least another 1500 tonnes at current prices, equivalent to around 35% of total annual global gold supply (or around 50% of global mine production). Regardless of how far-fetched investors believe the chance of a successful outcome for the referendum, Swiss voters have already shown nationalistic tendencies already this year. Voters in Switzerland approved immigration curbs, ending the freedom of movement accord that had existed with the EU since 2002. Therefore, while the probability of the referendum passing is low, it is not impossible. Such additional demand would likely spur a significant and sharp gold price rise.

Silver volatility predicts turning point.
After falling over 20% since the most recent peak in July, silver is now trading close to US$17, the lowest level in four years, on a combination of strong US Dollar and subdued demand. Historically, silver volatility has tended to track US Dollar volatility, a product of silver's historical use as a monetary metal and its strong links to gold. With the US Dollar volatility appearing to have recently reached a bottom and now beginning to rise, we anticipate silver volatility will follow. Importantly, during US tightening cycles, the silver price tends to move in line with silver volatility. With the US policy normalising and with rates expected to rise next year on the back of the broadening economic recovery, the silver price is well placed to break out to the upside of its recent rut.

Gold net shorts are near the all-time high



Silver and copper prices have declined along with global bond yields



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Is Your EM Allocation Vulnerable to Index Vagaries?

September 29, 2014

Authored by:

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Recently, global index provider FTSE announced it has reclassified Morocco from "emerging market" to "frontier market" and Argentina from "frontier market" to "unclassified."* These changes will impact the composition of FTSE's emerging market and frontier market indexes in mid-2015.

Such constituent shuffling happens more often than many investors might realize. What's more, I believe shifts between categories will occur with greater frequency as emerging markets follow divergent growth/contraction trajectories, due to different economic policies, political systems and geopolitics.

There is no single definition for "emerging market" and therefore for "emerging market investing." Indexes use different criteria to classify countries. As a result, one index's emerging market is another index's developed market. South Korea is a case in point. While Standard & Poor's and FTSE classify South Korea as a developed market, MSCI places South Korea in its emerging market index, where it represents more than 15% of the benchmark.

Similarly, FTSE and Standard and Poor's consider Greece to be a developed market, but MSCI counts it among the emerging economies—for now, at least.

Figure 1. Even Experts Don't Agree on What Constitutes an Emerging Market

	MSCI EMERGING MARKETS INDEX (23 COUNTRIES)	S&P EMERGING BMI INDEX (20 COUNTRIES)	FTSE EMERGING INDEX (22 COUNTRIES)
South Korea	X		
Greece	X		
Qatar	X		
UAE	X		X
Pakistan			X
Morocco		X	Until 6/2015

Source: MSCI Inc., S&P Dow Jones Indices LLC, FTSE Group as of June 30, 2014

Greece has hopped between MSCI's categories, moving from emerging markets to developed markets in 2001 and then back to emerging in 2013.

In my view, the fluid nature of EM indexes illustrates the need for an active approach to EM investing. Passively managed strategies are subject to the vagaries of index reshuffling. What's more, speculation about what's in or out of a particular index could lead to volatility within emerging markets as passive strategies must sell or buy en masse to accommodate constituent changes.

We continue to believe fundamentals and top-down views provide the best criteria for deciding whether or not to invest in a company or market. When portfolio construction is dictated by the vagaries of a third-party index provider, I believe the potential for unnecessary downside risk increases significantly.

In a passive ETF strategy, investors end up with a static approach punctuated by abrupt and wholesale changes driven by index shifts rather than company fundamentals. In contrast, an active approach can adapt and capitalize on market opportunity.

As our international team has discussed in posts, our team emphasizes countries moving toward increased economic freedoms and companies with attractive growth fundamentals that are participating in long-term secular growth themes, such as the megatrend of global middle class expansion. As a result of our active management, our EM strategies may look quite different from an EM index—in our view, that's good for investors.

*For more, see "FTSE Drops Argentina, Demotes Morocco: Mind Your ETF Index," by Dimitra DeFotis, Barrons.com, September 25, 2014

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The information in this report should not be considered a recommendation to purchase or sell any particular security. The views and strategies described may not be suitable for all investors. As a result of political or economic instability in foreign countries, there can be special risks associated with investing in foreign securities, including fluctuations in currency exchange rates, increased price volatility and difficulty obtaining information. In addition, emerging markets may present additional risk due to potential for greater economic and political instability in less developed countries.

Indexes are unmanaged, do not entail fees or expenses and are not available for direct investment. The S&P Emerging BMI captures all companies domiciled in the emerging markets within the S&P Global BMI with a float-adjusted market capitalization of at least US$ 100 million and a minimum annual trading liquidity of US$ 50 million. The S&P Developed BMI is a comprehensive benchmark including stocks from 26 developed markets. Source: Standard and Poor's, as of 7/11/14. The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The FTSE Emerging Index includes large and mid cap securities from advanced and secondary emerging markets, classified in accordance with FTSE's Country Classification Review Process.

Click here for complete reading

MLPs and Beyond: The Growing Opportunity in Midstream Energy

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Executive Summary
Through advanced drilling techniques, rising production from North American shale formations has led to lower domestic prices for many energy commodities. As a result, lower prices are helping to open up new sources of energy demand. These trends are leading to attractive investment opportunities across the entire midstream energy value chain.

Traditionally, investors have turned to midstream energy for the predictable income streams generated by companies that gather, store and transport oil, gas and natural gas liquids. Many of these companies are structured as MLPs in order to maximize the delivery of tax-deferred income. Today, midstream energy opportunities can be accessed through a broader set of entity structures, some of which offer higher prospects for growth than others. For example, MLPs are managed by general partners (GPs), many of which are publicly traded entities themselves. Often, these companies benefit from a disproportionate share in the underlying growth of the limited partnerships they manage. While some of these companies are structured as partnerships, more are traditional corporations.

The investment opportunity extends well beyond U.S. borders. For example, we find a similarly positive fundamental backdrop for energy infrastructure companies focused on Western Canada's oil sand and shale formations. At the same time, the U.S. is gearing up to become a net exporter of energy, which has spurred large scale infrastructure investment related to the export of liquefied natural gas (LNG), propane and other energy commodities to higher-priced markets in Europe and Asia. Shipping companies, beneficiaries of this trend, are for the most part domiciled offshore.

In our view, maximizing the potential of these opportunities is best accomplished through a total return approach, grounded in fundamental research. We have observed a widening dispersion of returns among MLPs and other midstream energy stocks, further supporting the growing case for active management in the asset class. These disparities are, in part, a function of a company's exposure to specific commodities and geographies. Other factors relate to their business models, entity structures and management quality.

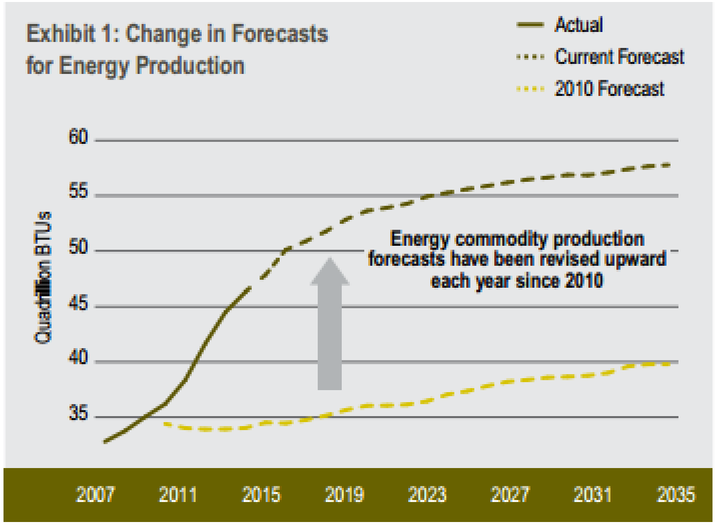
This *Viewpoint* explores the industry trends in midstream energy and its growing universe of investment opportunities, with an emphasis on our preference for a total return approach. In the Appendix, we highlight the benefits and tradeoffs of various commingled investment vehicles that invest in this sector, such as actively managed mutual funds and exchange-traded funds (ETFs).

Rapidly Evolving Industry Trends That Are Changing the Dynamics of Energy Supply and Demand

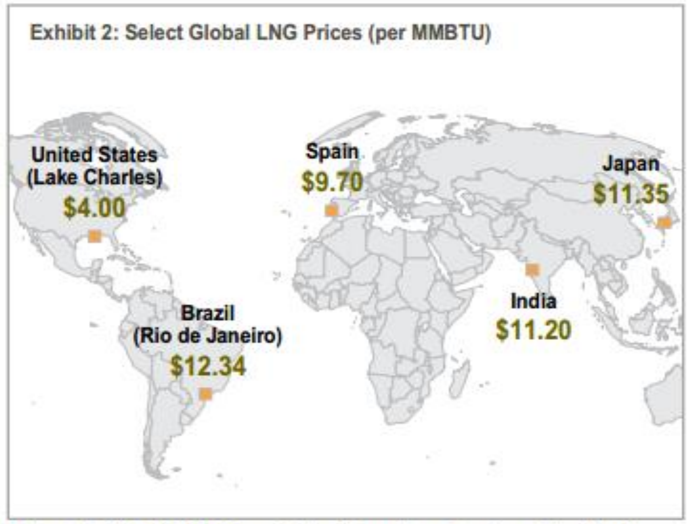
The supply push—North American energy production is at record levels. Through advanced drilling techniques, companies are tapping vast reservoirs of oil, natural gas and natural gas liquids once deemed uneconomic to extract. The scope of this supply growth is captured in Exhibit 1, which highlights multiple years of upward revisions in annual energy production forecasts provided by the U.S. Energy Information Administration.

The demand pull—mounting supplies and low domestic prices have broadened market demand. This demand is coming from a variety of sources, each driving further energy infrastructure investment needs. These themes are highlighted below.

- **Growing Export Capabilities.** Rising production is not only driving substantial investment in traditional energy transportation networks, but also the build-out of U.S. export capabilities. A total of 26 natural gas liquefaction plants are now in various stages of construction or approval, which will enable the export of LNG to higher-priced demand centers in Asia and Europe. This segment holds significant opportunity for investment, based on the wide disparity in global prices for LNG, highlighted in Exhibit 2. In addition to LNG, North American midstream energy companies are actively investing in facilities to export other energy commodities, such as propane, butane, refined products and ethane.
- **Investments in petrochemical facilities.** With lower prices for natural gas liquids, the primary feedstocks in petrochemical processes, the U.S. petrochemical industry is now at the low end of the global cost curve and continues to improve its competitive position against foreign peers. Substantial investments in petrochemical facilities are being made, primarily along the Gulf Coast.
- **Industrial Demand**. Lower prices are benefiting profitability in the industrial sector. Several leading companies have announced plans to increase capacity or build entirely new facilities at a total cost of over $60 billion through 2018. These include investments in fertilizer plants, polymer plants, ammonia and paper-finishing facilities.
- **Increased Natural Gas Utilization in Power Generation.** Compared with coal, natural gas is a cleaner burning fuel and gas-fired plants are both cheaper to build and more flexible. These factors, coupled with stricter environmental regulations, are driving higher utilization of natural gas in the generation of electrical power



At March 31, 2014. Source: U.S. Energy Information Administration (EIA), *Annual Energy Outlook 2014, Early Release.* Chart refers to crude oil, natural gas and natural gas liquids.



Estimated at July 31, 2014. Source: Federal Energy Regulatory Commission (FERC). Data in U.S. dollars/mmbtu (million metric British thermal units).

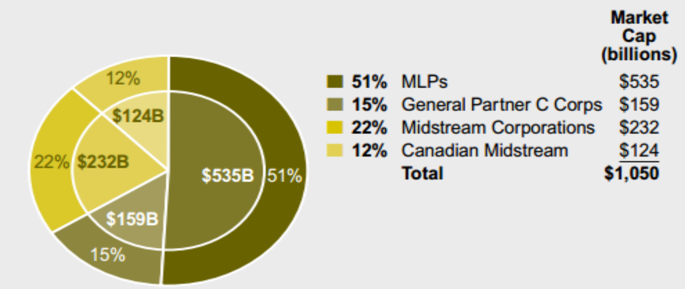
An Expanded Universe of Opportunity

Today, there are over 100 U.S. midstream energy companies structured as MLPs with an aggregate market capitalization of about $535 billion.[1] However, the midstream sector extends far beyond this MLP universe. Many of the GPs that manage MLP affiliates are corporations that benefit from the growth of the underlying partnerships. There are also companies domiciled outside of the U.S.—such as those engaged in LNG shipping and Canadian midstream companies—that capture similar themes.

General Partners. MLP operations are typically overseen by a general partner, or GP, which has an economic interest in the affiliated MLP. Typically, the GP receives incentive distributions as payouts grow at the MLP level. These companies can be structured as either corporations or partnerships.

Other Midstream Corporations. We believe that midstream energy businesses structured as corporations offer some of the best opportunities in this sector. Many of these companies are beneficiaries of the substantial build-out of the domestic energy infrastructure required to gather, process, store and transport energy commodities. In some cases, there are opportunities to invest in "I-Units," which are taxable sister securities to existing MLPs qualified for tax-exempt institutional investors.[2] In addition, the energy shipping companies, which can be characterized as "floating pipelines," benefit from many of the same themes, even though these companies are often domiciled offshore. We also find attractive opportunities among diversified utilities that have a presence in midstream energy.

Exhibit A: Midstream Energy Universe



At June 30, 2014. Source: Bloomberg and Cohen & Steers.

Canadian Midstream Energy Companies. Canadian midstream opportunities touch upon the same dynamics of rising unconventional supply and new sources of demand as found in the U.S. Advanced drilling techniques such as fracking and horizontal drilling have been applied to shale formations in Western Canada. A significant build-out is underway to bring these new supplies to market, whether to refining facilities in eastern Canada or in the U.S.

(1) Source: Bloomberg and U.S. Capital Advisors as of April 30, 2014.

(2) I-Units, or institutional units, are equivalent to MLP units in most aspects, except the payment of distributions is in additional units (payment-in-kind or PIK) instead of cash. Unlike MLP securities, the I-Units issued to date are limited liability companies (LLCs) that do not require the filing of K-1 statements and do not generate unrelated business taxable income (UBTI). UBTI in a qualified retirement plan is triggered by investments in operating businesses, such as midstream energy companies.

C Corps refer to corporations organized under Subchapter C of the IRS code whose enterprise values are derived predominantly from midstream energy assets.

There is no guarantee that any historical trend illustrated above will be repeated in the future, and there is no way to predict precisely when such a trend will begin. There is no guarantee that any market forecast set forth in this commentary will be realized.

Click here for complete reading

Why We Believe the Market Will Go to New Highs

October 3, 2014

Authored by:

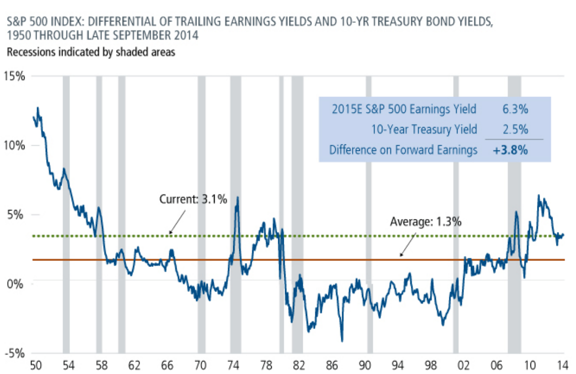
Gary Black
Executive Vice President, Global Co-Chief Investment Officer Calamos Investments

Today's +248K jobs growth number and the August revision to +181K suggest recent worries that the U.S. economy was falling backward were misplaced. Over the past two weeks, the 10-year Treasury yield had fallen from 2.6% to 2.4% and the S&P 500 Index lost roughly 3% on fears about slowing global growth. But the combination of today's strong U.S. employment data, indications of dissipating Hong Kong unrest, and no new Ebola cases put many of those no-growth fears to rest.

We can't help but be bullish: In our view, U.S. GDP growth for the second half of 2014 continues to run at 3%+; 2015 corporate profit growth is likely to be 6% to 7% with S&P 500 earnings expected to reach $125; global monetary conditions remain extremely accommodative; inflation remains almost non-existent; and U.S. equity valuations remain in the cheapest (least expensive) quartile over the past 65 years. As Figure 1 shows, with today's 10-Treasury yield of 2.5% and an E/P ratio of 6.3% (inverse of 2015 P/E ratio of 15.9x), the spread is 3.8%. For stocks to be viewed as fairly valued relative to historical levels over the past 65 years, the 10-year Treasury yield would have to rise to 4.3%, or the S&P 500 P/E would have to rise to 22x.

Meanwhile, for the first half of 2014, M&A and buyback activity were the strongest since 2007, providing an effective floor on valuations, since any weakness in stocks would encourage companies to buy back their own or someone else's stock. With the Fed unlikely to raise short-term rates until mid-2015 and European investors pushing down U.S. long-term yields in a quest for income, we expect M&A and buyback activity to remain robust, with the spread between S&P 500 earnings yields and corporate debt costs near levels not seen since the late 1970s.

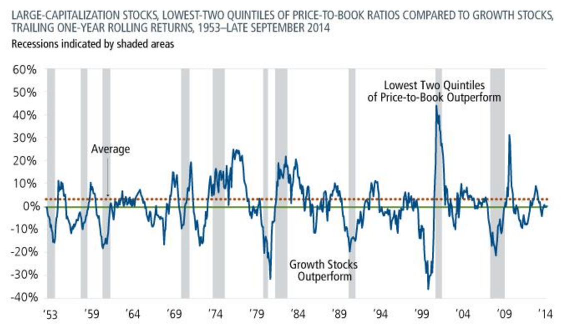
FIGURE 1. EQUITIES REMAIN CHEAP RELATIVE TO BONDS



Past performance is no guarantee of future results. Source: Empirical Research Partners using Standard & Poor's, Corporate Reports, Empirical Research Partners Analysis. Estimates are indicated by "E."

After five years of what has largely been a value regime and the considerable defensiveness during the first half of this year (when large-cap growth stocks lagged value stocks by some 200 basis points), we believe indications are that we have moved into a growth regime. As Figure 2 shows, this generally happens as we enter the latter and most robust part of the business cycle. The last such growth regime occurred from 2005 to 2007 and before that, we had a growth regime from 1996 to early 2000.

FIGURE 2. GROWTH STOCKS HAVE ALMOST ALWAYS OUTPERFORMED DURING THE LATE CYCLE



Past performance is no guarantee of future results. Source: Empirical Research Partners Analysis. Equally weighted data used for the lowest two quintiles of price-to-book ratios compared to growth stocks.

Growth regimes are characterized by several conditions, according to Empirical Research Partners, which has done considerable work on the topic. Those conditions include:

- A flattening in the yield curve (off already low rates)
- Narrowing in the percent of companies generating margin improvement
- The market rewards companies with high capital spending and cash reinvestment
- The market rewards higher-volatility names
- The valuation spreads between growth and value is narrow (for more on this, see John P. Calamos' recent blog).

On this last point, large-cap growth stocks now trade at 1.2x large-cap value stocks, versus a long-term average multiple of 1.4x and vs. the peak reached at the height of the 1999 tech bubble of 3.0x.

Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. Russell 1000® Value Index measures the performance of those companies in the Russell 1000® Index with lower price-to-book ratios and lower forecasted growth values. The S&P 500 Index is considered generally representative of the U.S. stock market. Indexes are unmanaged, do not include fees or expenses and are not available for direct investment.

Price to earnings ratio (P/E) is a valuation ratio of a company's current share price compared to its per-share earnings, while E/P is earnings divided by price.

Click here for complete reading

High Yield Market Review and Outlook, October 2014

October 2014

Author:

Jeremy Hughes, CFA
SVP and Co-Portfolio Manager
Calamos Investments

Chris Langs, CFA
SVP and Co-Portfolio Manager
Calamos Investments

Market Environment

The U.S. high yield bond market, as represented by the BofA Merrill Lynch High Yield Index, generated a -2.10% return in September, representing the worst month for the asset class since June of 2013. Despite a weaker than expected jobs number early in the month, Treasury rates backed up across the curve with the 5-year ending at 1.76%, up from 1.63% in August. This was primarily due to the market continuing to price in the likelihood of the first Fed-induced rate hike in mid-2015 following the Fed minutes and Chair Yellen's press conference.

Unlike the selloff in July, September's selloff occurred despite the fairly stable fund flows of -$3.5 billion (versus -$20 billion in July). Surprisingly, new issuance was robust with nearly $44 billion of gross new issuance for the month, making it the highest monthly total for the year. This contributed to spreads widening by 54 basis points to +454 basis points over comparable Treasurys, which are at their widest point this year. The yield to worst increased by 81 basis points to 6.14%, which is over 125 basis points higher than the all-time lows of 4.85% set in June. The average dollar price decreased to $101.8 in September, which was down from $104.5 in August.

For the third month in a row, lower credit quality bonds underperformed in September with the CCC and below segment generating a -2.93% return, while BB and B quality tiers generated returns of -1.93% and -1.94%, respectively. Year to date, BB returns of 4.55% now exceed both B (3.05%) and CCC (2.29%) returns. According to Moody's Investors Service, the U.S. issuer-weighted trailing 12-month default rate ended August at 1.9%. Moody's is forecasting one-year forward default rates to start inching higher to 2.7% in August of 2015.

Hypothetical Scenarios

Below, we present four scenarios that illustrate forecasted one-year returns for the U.S. high yield bond market in varying market environments. The scenarios examine changes in default rates, recovery rates, spreads, and Treasury yields to depict forecasted returns for the overall U.S. high yield market. These returns do not represent actual performance, are not guaranteed, and serve only to illustrate possible total returns for changes in the four variables. An investor's actual performance may differ dramatically from these forecasts depending on many factors.

Scenario 1: In this scenario, the economy expands quicker than expected, leading to unchanged defaults (1.9%), while recoveries maintain long-term averages (40%). With an improving economy, spreads tighten to +350 basis points in this scenario but are offset by 5-year Treasury rates rising to 2.25% as the taper concludes and the first Fed rate hike occurs. In this bullish scenario, the high yield market generates a hypothetical total return of 7.8% over the next 12 months.

Scenario 2: Default rates are in line with Moody's projections (2.7%) and recovery rates maintain long-term averages (40%). In this scenario, spread tightening of 54 basis points to +400 basis points is offset by 5-year Treasury rates rising by 24 basis points to 2.00%. This scenario generates a hypothetical return of 6.3% for the next 12 months.

Scenario 3: Defaults and recovery rates are the same as Scenario 2, but 5-year Treasury rates ratchet up to 2.50%, while spreads stay fairly constant at 450 basis points. In this scenario, the carry return more than offsets the loss from defaults and interest rate increases to generate a hypothetical return of 2.2%, which would generate positive excess returns over Treasurys with comparable maturities.

Scenario 4: In our worst case scenario, the economy does not expand as expected and default rates tick higher to 4.0%, while recovery rates decline to 35%. Spreads widen significantly to 650 basis points and 5-year Treasury rates rally back to 1.25%. In this scenario, the hypothetical return would be -2.0%.

BofA ML U.S. HIGH YIELD INDEX

CHARACTERISTICS AT 9/30/2014

Price	$101.83
Duration	4.08 yrs
Spread to Worst	454 bps
Yield to Worst	6.14%
Current Yield	6.88%
5-Yr U.S. Treasury Yield	1.76%

HYPOTHETICAL OUTCOMES
AT 9/30/2015

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Default Rate	1.90%	2.70%	2.70%	4.00%
Expected Recovery	40%	40%	40%	35%
Spread Change (bps)	-104	-54	-4	+196
5-Yr U.S. Treasury Yield Change (bps)	+49	+24	+74	-51
% Chg from Defaults	-1.17%	-1.67%	-1.67%	-2.67%
% Chg from Spreads	4.24%	2.20%	0.16%	-8.00%
% Chg from 5-Yr U.S. Treasury Yield	-2.00%	-0.98%	-3.02%	2.08%
Expected Current Yield	6.75%	6.69%	6.69%	6.60%
Hypothetical Return	**7.82%**	**6.25%**	**2.17%**	**-1.98%**

Returns do not represent actual performance, are not guaranteed, and serve only to illustrate possible total returns for changes in the four variables. An investor's actual performance may differ dramatically from these forecasts depending on many factors.

Outlook

With over $40 billion in issuance, dealer inventories at yearly highs, retail mutual funds experiencing outflows, and interest rates heading higher, the high yield market witnessed its weakest month since the taper tantrum last summer. However, the technical headwinds leading to the recent high yield asset class selloff should subside with yields now wide of 6%, issuance becoming more manageable, fund flows stabilizing, and rates remaining range bound. This combined with strong issuer fundamentals and default rates that are expected to remain well below long run averages should help support the high yield asset class at current valuations. While we continue to monitor the quality of the new issue calendar and global macroeconomic numbers for potential signs of a turning point in the credit cycle, we do not believe we are at that point yet.

Our view on Treasury rates remains unchanged. We expect that as the taper ends next month, the market will continue to price in the likelihood of the first Fed rate hike in 2015, leading to more curve flattening given the strong demand dynamics and geopolitical concerns that continue to impact the long end of the Treasury market. With current spreads at their widest point this year, the high yield market does have some cushion to absorb these likely higher rates. We believe this makes the asset class look attractive relative to other fixed income alternatives; however, we continue to expect most of the performance to be generated from coupon income and not price appreciation.

The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered invest¬ment advice. The information in this report should not be considered a recommendation to purchase or sell any particular security.

The BofA Merrill Lynch U.S. High Yield Index is an unmanaged index of U.S. high yield debt securities. Unmanaged index returns assume reinvestment of any and all distributions and do not reflect any fees, expenses or sales charges. Investors cannot invest directly in an index. Investments in high-yield securities include interest rate risk and credit risk. Outside the U.S., this presentation is directed only at profession¬al/sophisticated investors and it is for their exclusive use and information. This document should not be shown to or given to retail investors. Dovish refers to economic policy that supports low interest rates to keep inflation in check.

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Market Videos

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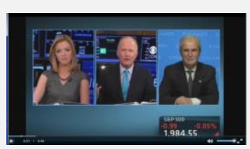
October 13, 2014
Bob Carey of First Trust:
Volatility. The Price you pay for better returns.

September 22, 2014
Thomas Boccellari of Morningstar: *A Cheap Tool for Interest-Rate Worriers*

October 6, 2014
Christine Benz of Morningstar:
Vanguard's Davis: Get Ready for Lower Returns

September 19, 2014
Jeremy Glaser of Morningstar: *2 ETFs That Beat a Better Path to Emerging Markets*

October 2, 2014
Ben Johnson of Morningstar:
Broad Fixed-Income Exposure At a Low Cost



September 15, 2014
John P. Calamos of Calamos Investment: *John P. Calamos, Sr. on CNBC*

Fund Updates

- Aberdeen Asia-Pacific Income Fund, Inc. Announces Record Date And Payment Date For Monthly Distribution – October 9
- BlackRock Expands Suite of iShares Currency Hedged ETFs – September 25
- Blackstone/GSO Senior Floating Rate Term Fund Announces Leverage Refinancing Plan – October 7
- Clough Global Opportunities Fund Declares a Monthly Cash Distribution of $0.095 Per Share – October 7
- Delaware Investments® Dividend and Income Fund, Inc. Announces Dividends – October 2
- Certain Deutsche Closed-End Funds Declare Monthly Distributions – October 10
- Eaton Vance Municipal Bond Fund Report Of Earnings – October 10
- Distribution Dates and Amounts Announced for Certain Eaton Vance Closed-End Funds – October 14
- Edge Capital Partners Launches Blue Current Global Dividend Fund – October 8
- Fidelity Launches 3 Actively Managed Bond ETFs – October 9
- First Trust Energy Income and Growth Fund Increases its Quarterly Distribution to $0.545 Per Share – October 9
- Fitch Rates New Kayne Anderson Fund Notes 'AAA'; Affirms Existing Ratings – October 8
- Federated Investors' Closed-End Municipal Funds Declare Monthly Dividends – October 13
- Month-End Portfolio Data Now Available for Federated Investors' Closed-End Funds – October 15
- Two more exchange-traded funds to be launched at southern bourse – October 14
- Ivy High Income Opportunities Fund Announces Monthly Distribution – October 3
- Liberty Street Advisors Announces the Launch of the Robinson Tax Advantaged Income Fund (ROBAX, ROBCX, ROBNX) – October 2
- NexPoint Credit Strategies Fund Announces the Regular Monthly Dividend – October 3
- Nuveen Closed-End Fund Announces Commencement of Tender Offer – October 3
- Nuveen Announces Updates to Closed-End Fund Product Line – October 6
- Pioneer Investments Declares Monthly Distributions for Closed-End Funds – October 3
- Putnam Announces Distribution Rates for Closed-End Funds – October 8
- Renaissance Capital Launches the Renaissance International IPO ETF (NYSE Symbol: IPOS) – October 6
- Stone Harbor Emerging Markets Total Income Fund Declares Monthly Distributions of $0.1511 Per Share – October 15
- Vanguard unveils four FTSE ETFs – October 1
- Short Interest in Vanguard FTSE Europe ETF Decreases By 45.5% (VGK) – October 10

Current Use of Leverage in U.S. Closed-End Funds

Tuesday, September 30, 2014 | 11:00 AM ET

Ian Rasmussen:

Thank you very much, Paul, for your introduction and it is great to be doing another webcast with Capital Link, we thank everybody at Capital Link for giving us the opportunity to do this to present some of our views on the closed-end fund market in particular, the leverage that is issued by closed-end funds. Certainly, the closed-end fund sector is one that is very dynamic. You have a lot of different managers, big and small, managing funds across the very different asset types and asset classes, sectors, so there is really a lot to talk about. We are going to focus our comments today on the securities that funds issue as leverage. Leverage is a very important part of managing closed-end funds as it essentially allows investors in closed-end funds to have more than 100 percent investment exposure than the money that they actually put into the fund.

And what this does is it can increase income and returns to fund investors but it can also, if the underlying portfolio of securities declines in value can also increase the negative returns of a fund. And so it's a very important component of fund strategy and something that investors should be aware of and contemplate when thinking about investing in closed-end funds.

If you turn once again, the slides, if you downloaded them, they are user control, and so we will try to keep you kind of where we are talking. If you want to turn to slide four, this shows the current ratings that Fitch has assigned to leverage issued by various types of closed-end funds.

We rate both taxable closed-end funds, and municipal or tax-exempt closed-end funds, and you can see where the ratings are currently. We rate about 30 billion in different types of securities, these are notes and preferred stock, and it is about 160 closed-end funds. In addition to assigning ratings, we also put out regular commentary on the closed-end fund market and it -- I kind of skipped some slides but if you go back to slide two, we have some links there. One link is to the criteria that we used to evaluate the leverage issued by closed-end funds and so if you are interested, you can click on that link.

And the other is if you are interested in the research, if you opt in, give us your name and your email address, that is the only thing you need to give us. We will send you research when it comes out and we have a couple of important reports that will be coming out over the next couple of months and we will talk about during the course of our conversation today. So I guess what we want to do today is talk about leveraging closed-end funds and give an update. We did a webcast last year and we want to give you some of the things that have changed over that period of time over the last 12 months.

First, we wanted to talk about just to give you a perspective of the leverage ratios for closed-end funds broadly. And if you turn to slide five, that is -- this discussion, and then we will just settle into a discussion first on taxable closed end funds and some of the trends we see there and then you know, municipal tax exempt closed-end funds and the trends that we see there.

So I guess to begin with, talking about leverage ratios, Yuriy, what kind of dynamics are we seeing in -- for leverage ratios for both taxable and tax exempt closed end funds given the performance over the last 12 months?

Featured Speakers

Ian Rasmussen
Senior Director, Fund & Asset Manager Rating Group
Fitch Ratings

Yuriy Layvand, CFA
Director, Fund & Asset Manager Rating Group
Fitch Ratings

FitchRatings

Click here for complete reading

MLP Roundtable Webinar

Wednesday, October 1, 2014 | 11:00 AM ET

Matthew Phillips:
Thank you, Nicolas. My name is Matt Phillips. I'm an equity analyst at Clarksons, covering Midstream and MLP stocks based down – based in Houston, and happy to have everyone on the call today. So, I'd like to kick things off by posing a question to all the panelists starting with Matt Cooper.

You know you look at the IPO calendar for MLP's and it's quite robust we've had four MLP's – four to five MLP's file just in the last week alone.

I'm curious as to what the panelists think is driving such strong demand, both from the asset side as well as from the demand side for MLP new issues.

Matthew Cooper:
Yes, I think well on the supply side I think it's the continued build out we're seeing in the infrastructure space.

You know in these – the most recent being the ones that are just launched recently. You know (cone) for example, have a huge build out required in places like the (Marcellus). We think that's going to continue. And we see these companies, these parent companies have you know huge infrastructure current portfolios as well as future opportunities to invest.

So, a guy like (Ahess) which is on the block, the (cone) deal that just came out and then the EQT in the past. I mean these sorts of upstream names have huge opportunities and I think the other sides is that they appreciate the valuation uplift they get in the MLP market.

So, on the side of the coin on the downstream side you see the refiners do something similar. But you know at its core all of it is just being driven by this demand for infrastructure spending that we are experiencing. We expect to continue to see for the next several years.

You know on the demand side. Obviously I think there is some pursuit of yield that you're seeing. I think you know having been out recently and talking to several people in the market and investors and you know getting their feelings on it and there is some concern about things like you know the rally that we've seen in low grade bond, the oil grade bond market.

And some concern there about what could happen there with interest rates moving in the future and you know they want some exposure to the yield that was offered by the MLP's and these new IPO's.

But they also like the idea of that there's some opportunity for distribution growth over time which you don't get in the bond market. And you know they think that that's a great way to kind of hedge back some of that interest rate risk you might experience with interest rates over time.

And then I think also on the fundamental side there is, like on the supply side there on the demand side there's this appreciation for the huge amount of investment and the opportunity set that is with these assets over time and I you know it's not a next two or three story. It's a next 10, 20, 30 year story.

Featured Moderator

Matthew Phillips
Equity Research Analyst
Clarkson Capital Markets

Featured Panelists

Matthew Cooper
Vice President, Portfolio Manager
Goldman Sachs Asset Management

Brian Kessens, CFA
Director, Portfolio Manager and Senior Investment Analyst
Tortoise Capital

Daniel L. Spears
Partner
Swank Capital

Click here for complete reading

Uncovering Value in the BDC Industry in the Current Economic and Interest Rate Environment

Wednesday, October 8, 2014 | 11:00 AM ET

Grier Eliasek:
Thank you, Paul, I appreciate that introduction and I want to thank the audience for taking the time to learn more about our business and the business development company landscape where we observe considerable value to be uncovered and unlocked.

I'm going to separate this talk into two parts. One, a general overview and some remarks and comments about the business development company or BDC industry and then talk about how Prospect Capital Corporation is positioned against that landscape.

I'm on page, and I'll refer to the slide (pagination) and titles as we go so folks can follow along. I'm on the BDC Market Overview on page two of the presentation. A business development companies, or BDCs, many of you may be familiar with them but briefly are registered companies registered under the 1940 act, as well as, the '33 and '34 act.

But are quite tax efficient creatures that pay no corporate taxation as long as they hit a high payout ratio and are diversified and meet certain qualification standards related to investments and generally private, also called middle market, non-financial companies.

And the BDC industry has been around for a longtime, the legislation was created in 1980 to really bring about the industry. So, we're talking about a 34 year history of the industry but a lot of the growth has occurred in the last decade of that time. BDCs also mark-to-market their assets on a fair value basis with each reporting period which is somewhat different from non-investment companies like REITs and MLPs for example in the yield world.

Page three, continuing the market overview, shows that there are actually 48 publically listed, that includes both traded and non-traded BDCs. Current market cap in excess of $35 billion and most of the development companies are focused on making senior secured loans to these private middle market companies.

It's pretty straight forward to compare BDCs with banks and other financial services companies from a leverage standpoint because BDCs have a cap on leverage is an important part of the regulation. No more than 1 to 1 debt to equity and most folks run between 0.5 and say 0.8 in the ordinary course. So there's a significant cushion against that max.

Banks by comparison run it more like 10 to 1 leverage. So, that's an interesting comparison point. Average dividend yield and the data here is a few weeks old at this point and average dividend yield at that point during the late summer was in the kind of low nine percent range based on the recent trade off of the overall market which has also impacted BDCs. That number is closer to a 10 percent dividend yield on average with some trading at considerably greater yields.

So, a big headline in this still yield starved world where you have 10 year treasuries yielding less than 2.5 percent by comparison, where you have REITs trading in the low single digit dividend yield MLPs and kind of the mid-single digit. You've got the opportunity for a double digit dividend yield for a significant number of BDCs that puts them in a special and separate and distinct category.

Featured Speaker

Grier Eliasek
President and Chief Operating Officer
Prospect Capital Corporation

Click here for complete reading

MLP and Infrastructure Strategies: Opportunities in a Dynamic Landscape

Tuesday, October 14, 2014 | 11:00 AM ET

Ted Valenti:
Thank you, Nicolas and good morning, and thank you all of you for joining us today on this webcast titled MLP and Infrastructure Strategies: Opportunities in a Dynamic Landscape. On behalf of my colleges here at Cohen & Steers, I thank you for your confidence and your trust in our investment professionals and in our investment process.

As many of you know Cohen & Steers is a global investment manager with a long history of innovation and a focus on real assets. Looking at the slide deck at the slide titled Assets Under Management, you can see the breakdown of our asset classes in the left hand table.

While real estate securities or REITs make up a largest portion of our assets, global listed infrastructure and MLPs represent over 5 billion dollars, which is a significant amount to us and it's a very important part of our asset mix. We are also nearing 7 billion of corporate preferred securities under management which also notable.

A portion of that are in pipeline and utility preferreds. Importantly, we offer closed-end funds that invest in each of these asset classes and taking a look at the pie chart on the right hand side and focusing on the green slice. You can see how important these closed-end funds are to our firm.

With almost 20 percent of our assets in closed-end funds, we are just under 10 billion dollars. Cohen & Steers is the 6th largest domestic closed-end fund provider out there at this point. So Cohen & Steers and Capital Link have been terrific partners over the years and it's our pleasure to be featured today on this webcast.

Our goal for this webcast to provide a review of how significant the infrastructure opportunity is, focus on key drivers and characteristics that make the asset class and sub-asset classes like MLP excellent investment choices right now and discus ways that investors can invest in this ever-growing important part of the economy and the market.

So I am thrilled to be joined by Ben Morton. Ben is a senior Vice President and is co-portfolio manager of all of our listed infrastructure and MLP strategies at Cohen & Steers. This includes the very, very popular closed-end funds, UTF Cohen & Steers infrastructure fund.

It's one of the most widely held infrastructure funds and it's one of the best ways to direct and the owners to invest directly in the owners and the operators of infrastructure assets. He also is a Portfolio Manager of MIE, which is the Cohen & Steers MLP income and Energy opportunity fund.

As well as our open-end funds in both of these spaces. Open-end funds, Cohen & Steers global infrastructure fund CSUIX and MLP fund MLOIX and Ben has been with Cohen & Steers since 2003. Before that he was at Salomon Smith Barney covering utilities and pipelines and with that short intro on Ben.

Let me turn it over to him to go through the slide deck and the presentation, Ben.

Featured Speaker

Benjamin Morton
Senior Vice President
Cohen & Steers

COHEN & STEERS

Click here for complete reading

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Upcoming 2014 Webinars

OCT. 28

October 28 – Ahead of the Curve: Upgrading MLP Exposure to Distribution Growth Leaders
Featured: Yorkville/RBC

YORKVILLE RBC Capital Markets

NOV. 19

November 19 – Topic: TBD
Featured: Ares

ARES

JAN. 29

January 29– Topic: TBD
Featured: Fifth Street

FIFTHSTREET

Past 2014 Webinars

OCT. 14

October 14 – MLP and Infrastructure Strategies: Opportunities in a Dynamic Landscape
Featured: Cohen & Steers

COHEN & STEERS

OCT. 8

October 8 – Uncovering Value in the BDC Industry in the Current Economic and Interest Rate Environment
Featured: Prospect Capital

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Past 2014 Webinars

OCT. 1

October 1 – MLP Roundtable Webinar
Featured: Goldman Sachs Asset Management, Swank Capital, Cushing MLP Asset Management, Tortoise Capital Advisors

SEP. 30

September 30 – Current Use of Leverage in U.S. Closed-End Funds
Featured: Fitch Ratings

AUG. 5

August 5 – Closed End Fund Market Review and Outlook
Featured: Cohen & Steers

JUL. 30

July 30 – Gold: Quo Vadis?
Featured: World Gold Council

JUL. 24

July 24 – Capturing High Yields
Featured: Prospect Capital

JUL. 15

July 15 – Managing a Declining Euro by
Featured: Deutsche Asset & Wealth Management

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