Capital Link's
CEF & ETF Monthly Newsletter
January 2015
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UPCOMING EVENTS

Capital Link

CAPITAL LINK, INC.
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CAPITAL LINK'S 2nd Annual Master Limited Partnership Investing Forum

Thursday, March 5, 2015 - New York City

▶ REGISTER ▶ AGENDA ▶ ADD TO OUTLOOK

Attendance is complimentary for qualified delegates

Capital Link's 2nd Annual MLP Investing Forum will take place at the Metropolitan Club in New York City on Thursday, March 5, 2015.

This Forum is the only industry event that will focus both on the institutional investor and the financial advisor community, which has been overlooked by other industry events.

The Forum will address major topics of interest to the industry featuring sector panels, analyst panels, individual MLP presentations, 1x1 meetings with investors and financial media. The Forum combines an informational and marketing platform with unique visibility and networking opportunities. The New York location facilitates participation by major industry participants and investors.

INDUSTRY TOPICS & PRESENTATIONS

Developments, Trends & Sector Outlook

- **The State of the MLP Sector 2014-2015**
- **Tax/Legislation/Regulatory**
- **Upstream** – *Exploration & Production*
- **Midstream** – *Gathering & Processing*
- **Midstream** – *Pipelines Transportation & Storage*
- **Downstream**
- **Marine Transportation**
- **MLP Closed End Funds & ETFs** – *The Investor Perspective*
- **Oil Field Services**
- **Raising Capital for MLPs Capital Markets & Bank Financing**
- **Analyst Perspective**

PRESENTERS & PARTICIPATING COMPANIES

- **BreitBurn Energy Partners**
- **Capital Product Partners**
- **Clarkson Capital Markets**
- **Cohen & Steers**
- **CONE Energy**
- **Crestwood Midstream Partners**
- **CrossAmerica Partners**
- **Cypress Energy Partners**
- **Dynagas LNG Partners**
- **EQT Midstream Partners**
- **Emerge Energy Services**
- **Enbridge Energy Partners LP**
- **Ernest & Young**
- **Golar LNG**
- **Goldman Sachs Asset Management**
- **Hi-Crush Partners LP**
- **Infrastructure Capital Advisors**
- **Janney Montgomery Scott**
- **Kayne Anderson**
- **Memorial Energy Partners**
- **National Association of Publicly Traded Partnerships (NAPTP)**
- **Navios Maritime Partners/Navios Midstream Partners**
- **NGL Energy Partners**
- **Oppenheimer & Co.**
- **Plains All American Pipelines L.P.**
- **RW Baird**
- **Seward & Kissel**
- **Stifel**
- **Swank Capital**
- **Tortoise Capital Advisors**
- **Vanguard Natural Resources**

TARGET AUDIENCE

Institutional Investors • Registered Investment Advisors • Financial Planners • Private Bankers • Securities Analysts • Retail and Institutional Brokers • Industry Specialists & Analysts • Financial Press & Media

Please visit our website for more details. We look forward to seeing you!

For more information please contact: Eleni Bej, Director of Special Events at ebej@capitallink.com or +1(212)661-7566 in NY

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The Month in Closed-End Funds: December 2014

PERFORMANCE

In December the U.S. market took investors on a wild ride. Toward month-end the Dow Jones Industrial Average and the S&P 500 Index posted their thirty-eighth and fifty-second record closes for the year, respectively. A strong nonfarm payroll report at the beginning of the month pushed up U.S. equity markets, and the Dow flirted with the 18,000 mark for the first time. However, concerns about the health of the global economy the following week fueled one of the largest one-week drops in two and half years and sent the VIX to its highest level since October 17. Investors shrugged off a better-than-expected consumer sentiment report and focused on volatility in oil prices and the possibility of the global economy succumbing to deflation. Despite a Federal Reserve-fueled Santa Claus rally toward month-end, U.S. stocks finished the good year on a down note, with the Dow witnessing a triple-digit loss on the last trading day of the month. Both equity and fixed income CEFs posted negative NAV-based returns (-1.43% and -0.24% on average, respectively) for the first month in three, while market-based returns were also in the red for both equity CEFs (-2.51%) and fixed income CEFs (-0.02%). For 2014 returns for both asset classes remained in relatively strong positive territory, with equity and fixed income CEFs returning 6.65% and 11.56%, respectively, on a NAV basis.

After initially cheering a surprisingly strong November jobs report (the U.S. economy added 321,000 new jobs for November—the biggest gain since early 2012 and beating consensus estimates by 86,000) and a 0.4% increase in hourly wages, investors began to fear the Fed would raise interest rates faster than expected. In addition, the Commerce Department reported that factory orders were on the decline in October. Unfortunately for market bulls, the U.S. markets witnessed another sharp pullback in mid-December after the International Energy Agency (IEA) cut its global crude oil demand forecast once again, leading to concerns the global economy could sink into deflation, which in turn could lead to a global recession. During the week ended December 12, the S&P 500 witnessed its largest one-week loss since September 2011, down 3.5% over the week. Investors shrugged off the consensus-beating University of Michigan/Thomson Reuters consumer-sentiment report; the December preliminary reading came in at 93.8 (the highest reading since January 2007)—up from 88.8 for November. Despite a more-hawkish-than-expected statement by the Federal Open Market Committee, the equity market rallied in relief that the Fed was not being even more hawkish. During the Christmas-shortened trading week, the Dow closed above the 18,000 mark for the first time. However, the U.S. stock market closed the good year on a down note, with the Dow witnessing a triple-digit loss on the last trading day of the year, chalking up its first monthly loss (-0.03%) in three.

Treasury yields declined at all maturities ten-years or greater in December, with the twenty-year yield declining the most, 15 bps to 2.47% at month-end. The rising dollar and slowing growth overseas made U.S. Treasuries more attractive to foreign investors. The Treasury yield curve rose in most of the lower-dated maturities, with the three-year rising the most—22 bps to 1.10%—by month-end. The one-month yield witnessed a small decline, dropping 1 bp to 0.03%.

The Month in Closed-End Funds: December 2014

- For the first month in three both equity and fixed income closed-end funds (CEFs) on average posted returns in the red, with equity CEFs declining 1.43% on a net-assetvalue (NAV) basis and their fixed income counterparts losing 0.24% for the month.
- For December only 10% of all CEFs traded at a premium to their NAV, with 8% of equity funds and 10% of fixed income funds trading in premium territory. Lipper's domestic equity CEFs macro-group witnessed the largest widening of discounts for the month—202 basis
- points (bps) to 9.02%.
- Continuing an 11-month trend, all of Lipper's municipal bond CEF classifications posted returns in the black, with General & Insured Municipal Bond CEFs (Leveraged) (+1.24%) posting the best return.
- Once again, mixed-asset CEFs (-0.73%) outpaced their domestic equity CEFs (-1.15%) and world equity CEFs (-2.43%) brethren.
- Once again, Real Estate CEFs (+0.83%) posted the strongest return in the equity universe for the month, while Energy MLP CEFs (-6.09%) was at the bottom.

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For December the dollar once again gained against the euro (+2.69%), the pound (+0.32%), and the yen (+0.88%). Commodities prices were mixed, with near-month gold prices rising 0.73% to close the month at $1,184.10/ounce. Meanwhile, front-month crude oil prices plunged a whopping 19.60% to close the month at $53.27/barrel. That equated to a quarterly decline of 40.41% and a one-year decline of 45.87%.

For the month 47% of all CEFs posted NAV-basis returns in the black, with 33% of equity CEFs and 58% of fixed income CEFs chalking up returns in the plus column. The slide in oil prices and concerns over Greece's inability to elect a favored presidential candidate, rekindling fears of another European crisis, weighed on Lipper's World Equity CEFs macro-classification (-2.43%), pushing it to the bottom of the equity CEF universe.

On the equity side (for the fourth consecutive month) mixed-asset CEFs (-0.73%) mitigated losses better than the other macro-groups, followed by domestic equity CEFs (-1.15%). Once again, Lipper's Real Estate CEFs classification (+0.83%) led the equity universe and was the only equity CEF classification in the black. Real Estate CEFs benefitted from investors' search for income-producing securities and the asset class's resilience to short-term price changes. With the U.S. dollar continuing on its recent tear and the IEA cutting its global crude oil demand forecast, it was little wonder dollar-priced commodities were pummeled during the month, sending Energy MLP CEFs (-6.09%) and Emerging Markets CEFs (-4.16%) to the bottom of the equity universe. For the remaining equity classifications returns ranged from minus 2.63% (Pacific ex-Japan CEFs) to minus 0.05% (Core CEFs).

Three of the five top-performing individual equity CEFs were housed in Lipper's Emerging Markets CEFs classification. Once again, at the top of the leader board was Morgan Stanley China A Share Fund, Inc. (NYSE:CAF), returning 21.11% on a NAV basis and traded at a 12.48% discount on December 31. Following CAF were JPMorgan China Region Fund, Inc. (NYSE:JFC), posting a 5.53% return and traded at a 12.79% discount at month-end; Templeton Dragon Fund, Inc. (NYSE:TDF), gaining 4.29% on a NAV basis and traded at an 8.77% discount at month-end; John Hancock Financial Opportunities Fund (NYSE: BTO, housed in Lipper's Sector Equity CEFs classification), rising 3.56% on a NAV basis and traded at a 7.93% discount on December 31; and Royce Micro-Cap Trust, Inc. (NYSE: RMT, warehoused in Lipper's Core CEFs classification), posting a 2.98% NAV-based return and traded at an 11.11% discount at month-end.

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	33	29	67	8	92
Bond Funds	58	55	44	10	90
ALL CEFs	**47**	**44**	**53**	**10**	**90**

TABLE 2 AVERAGE NAV RETURNS, SELECTED PERIODS (%)

	DECEMBER	YTD	3-MONTH	CALENDAR-2013
Equity Funds	-1.43	6.65	-0.66	16.03
Bond Funds	-0.24	11.56	0.71	-1.74
ALL CEFs	**-0.74**	**9.58**	**0.14**	**5.17**

TABLE 3 NUMBER OF IPOs, SELECTED 12-MONTH PERIODS

	DECEMBER 2014	CALENDAR-2013
ALL CEFs	**21**	**28**

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

3 MONTHS THROUGH 11/30/2014	265
COMPARABLE YEAR-EARLIER 3 MONTHS	298
CALENDAR 2013 AVERAGE	564

Source: Lipper, a Thomson Reuters company

For the month the dispersion of performance in individual equity CEFs—ranging from minus 37.46% to positive 21.11%—was wider than November's spread and more negatively skewed. The 20 top-performing equity CEFs posted returns at or above 1.53%, while the 20 lagging equity CEFs were below minus 5.68%.

Given the global decline in demand for oil, it wasn't surprising to see Cushing Royalty & Income Fund (NYSE: SRF), housed in Lipper's Energy MLP CEFs classification, shed 37.46% and sit at the bottom of the equity CEFs universe for the month. It traded at a 9.76% premium on December 31. Weakness in commodity prices, a strengthening dollar, and slowing demand for crude oil may have also weighed on a subsection of Lipper's Emerging Markets CEFs classification. Templeton Russia & East European Fund, Inc. (NYSE: TRF) posted the next poorest return in the equity universe, declining 16.05% and traded at an 11.42% discount at month-end. For December only 83 equity CEFs experienced NAV-based returns in the black.

Despite signs of an accelerating U.S. economy in the middle of the month and the likelihood of near-term increasing interest rates, fears of a renewed Eurozone crisis along with strong demand by foreign investors during recent Treasury auctions pushed yields lower at the long end of the curve and pushed the ten-year yield down just 1 bp to 2.17% at month-end. U.S. and foreign investors sought the safety and relatively higher yield of U.S. Treasuries after hearing disappointing U.S. economic news toward month-end. Once again, the municipal bond CEFs group (+1.13%) was the only fixed income macro-classification posting a return on the plus-side for the month, with all of its classifications experiencing returns in the black. The muni CEFs group was followed by domestic taxable bond CEFs (-1.47%) and world bond CEFs (-4.17%).

At the top of the fixed income classification charts were General & Insured Municipal Debt CEFs (Leveraged) (+1.24%) and New York Municipal Debt CEFs (+1.24%), while Emerging Markets Debt CEFs (-1.41%) was at the bottom of the fixed income universe for the second consecutive month. At the bottom of the municipal bond CEFs macro-group was General & Insured Municipal Debt CEFs (Unleveraged) (+0.65%). National municipal debt CEFs (+1.15%) outperformed their single-state municipal debt CEF counterparts (+1.10%) by 5 bps.

As a result of weakening global economics and fresh concerns of a European crisis, both classifications making up Lipper's World Income CEFs macro-classification (-4.17%) posted returns in the red for December. Global Income CEFs (-3.27%) mitigated losses better than its Emerging Markets Debt CEFs (-5.42%) cousin. While High Yield Municipal Debt CEFs (+1.11%) were in the middle of the pack for the municipal debt CEFs group, both High Yield CEFs (Leveraged) (-2.21%) and High Yield CEFs (-2.08%) were at the bottom of the domestic taxable fixed income CEFs group. Among domestic taxable fixed income CEFs the remaining classification returns ranged from minus 1.58% (Loan Participation CEFs) to minus 0.03% (U.S. Mortgage CEFs).

Surprisingly, two of the five top-performing individual CEFs in the fixed income universe were housed in Lipper's domestic taxable fixed income macro-group. At the top of the group for the second month in a row was NexPoint Credit Strategies Fund (NYSE: NHF, housed in Lipper's High Yield CEFs [Leveraged] classification), returning 4.01% and traded at a 16.51% discount at month-end. Following NHF were Eaton Vance Municipal Income Trust (NYSE: EVN, housed in Lipper's General & Insured Municipal Debt CEFs (Leveraged) classification), tacking 2.28% onto its November month-end value and traded at a 1.82% premium on December 31, and BlackRock Build America Bond Trust (NYSE: BBN, housed in Lipper's General Bond CEFs classification), posting a 2.13% return and traded at a 7.71% discount at month-end.

For the remaining funds in the fixed income CEFs universe monthly NAV-basis performance ranged from minus 10.26% for Morgan Stanley Emerging Markets Domestic Debt Fund, Inc. (NYSE: EDD, housed in Lipper's Emerging Markets Debt CEFs classification and traded at a 9.74% discount on December 31) to 2.06% for BlackRock New York Municipal Bond Trust (NYSE: BQH), housed in Lipper's New York Municipal Debt CEFs classification and traded at an 11.47% discount at month-end. The 20 top-performing fixed income CEFs posted returns at or above 1.50%, while the 20 lagging CEFs were at or below minus 3.84%. A total of 147 fixed income CEFs suffered downside performance for December.

PREMIUM AND DISCOUNT BEHAVIOR

For December the median discount of all CEFs widened just 19 bps to 9.28%—deeper than the 12-month moving average discount (8.55%). Equity CEFs' median discount widened 115 bps to 9.46%, while fixed income CEFs' median discount narrowed 53 bps to 9.13%. The single-state municipal bond CEFs macro-group's median discount witnessed the largest narrowing of discounts, 112 bps to 8.87%, while the domestic equity CEFs macro-group witnessed the largest widening in the CEFs universe—202 bps to 9.02%.

For the month 44% of all funds' discounts or premiums improved, while 53% worsened. In particular, 29% of equity funds and 55% of fixed income funds saw their individual discounts narrow, premiums widen, or premiums replace discounts. The number of funds traded at premiums on December 31 (53) was three less than on November 28.

CEF EVENTS AND CORPORATE ACTIONS

IPOs

Corsair Capital Management launched Corsair Opportunity Fund in December, raising $10 million for the interval hybrid fund.

RIGHTS, REPURCHASES, TENDER OFFERS

Firsthand Technology Value Fund (Nasdaq: SVVC) commenced a tender offer for up to $20 million of its common shares for cash at 95% of NAV as determined on December 31, 2014. The fund expects to publish that NAV no later than January 14, 2015, and the tender offer will expire on January 22, 2015, unless extended.

Directors of The European Equity Fund (NYSE:EEA) approved a cash tender offer for up to 5% of its common shares at 98% of NAV. If more than 5% of the fund`s outstanding shares are tendered, the fund will purchase them on a pro rata basis. The tender offer will run from January 22, 2015, through February 20, 2015, unless extended.

Trustees of Ellsworth Fund (NYSE: ECF) increased the current repurchase plan for up to 7% (approximately 920,000) of the fund's shares. Trustees of Bancroft Fund (NYSE: BCV) also increased the number of shares in its repurchase program to 7% (approximately 367,000) of the fund's shares. The previous authorization was for up to 3% of the fund's shares.

The European Equity Fund (NYSE: EEA) and The New Germany Fund (NYSE: GF) announced the results of their 15-week measurement periods. Shares of EEA traded at an average discount of 10.93%, and those of GF traded at an average discount of 8.99%. Each fund is required to conduct a tender offer if its shares traded at an average discount of more than 10%; therefore, only EEA will conduct a tender offer for up to 5% of its outstanding shares at 98% of NAV. Details will be announced in the coming weeks.

Directors of Aberdeen Japan Equity Fund (NYSE: JEQ) revised the fund's discount management program. Effective immediately, management may make open market purchases of up to 10% of the fund's shares. Directors of Petroleum & Resources (NYSE: PEO) extended the fund's share repurchase program and authorized the repurchase of up to 5% (approximately 1.3 million) of its shares. Directors of Adams Express (NYSE: ADX) extended that fund's share repurchase program and authorized the repurchase of up to 5% (approximately 4.7 million) of its shares.

Results show a one-for-three nontransferable rights offering of Herzfeld Caribbean Basin Fund (NASDAQ: CUBA) was vastly oversubscribed. The fund received total subscriptions for approximately 312% of the 1.2 million shares available in the primary subscription.

MERGERS AND REORGANIZATIONS

Nuveen restructured its family of covered-call CEFs. Nuveen Equity Premium Income Fund (NYSE: JPZ) was combined with Nuveen Equity Premium Opportunity Fund (NYSE: JSN) to become Nuveen S&P 500 Buy-Write Income Fund (BXMX), Nuveen Equity Premium & Growth Fund (NYSE: JPG) changed its name to Nuveen S&P 500 Dynamic Overwrite Fund and got a new ticker symbol (NYSE:SPXX), Nuveen Equity Premium Advantage Fund (NYSE:JLA) merged with NASDAQ Premium Income & Growth Fund (NYSE: QQQX) to become Nuveen Nasdaq 100 Dynamic Overwrite Fund (NYSE:QQQX), and Dow 30 Premium & Dividend Income Fund (NYSE: DPD) merged with Dow 30 Enhanced Premium & Income Fund (NYSE: DPO) to become Nuveen Dow 30 Dynamic Overwrite Fund (NYSE:DIAX).

Directors approved the reorganization of BlackRock MuniYield New Jersey Quality Fund (NYSE: MJI) into BlackRock MuniHoldings New Jersey Quality Fund (NYSE: MUJ); the merger is expected to be completed in early 2015, subject to regulatory requirements and shareholder approval. Trustees of BlackRock Pennsylvania Strategic Municipal Trust (NYSE: BPS) and BlackRock MuniYield Pennsylvania Quality Fund (NYSE: MPA) approved the reorganization of BPS into MPA, with MPA being the surviving fund. This merger is also expected to be completed in early 2015.

BlackRock Dividend Income Trust (NYSE: BQY) was merged into BlackRock Enhanced Equity Dividend Trust (NYSE: BDJ), while BlackRock Real Asset Equity Trust (NYSE: BCF) and BlackRock EcoSolutions Investment Trust (NYSE: BQR) were both merged into BlackRock Resources & Commodities Strategy Trust (NYSE: BCX).

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OTHER

Cornerstone Progressive Return Fund (NYSE: CFP), Cornerstone Strategic Value Fund (NYSE: CLM), and Cornerstone Total Return Fund (NYSE: CRF) completed their one-for-four reverse share splits in December.

Effective January 5, 2015, Eaton Vance Municipal Income Term Trust (NYSE: ETX) changed its name to Eaton Vance Municipal Income 2028 Term Trust (the ticker remains the same).

Nuveen Commodities Asset Management, the manager for Nuveen Diversified Commodity Fund (NYSE: CFD) and Nuveen Long/Short Commodity Total Return Fund (NYSE: CTF) approved a plan to convert the funds into open-end exchange-traded funds (ETFs), subject to shareholder and regulatory approvals. The funds are currently structured as actively managed closed-end commodity pools. After the conversion the funds will remain actively managed commodity pools, but they will adopt an open-end ETF structure. A proposal to convert the funds to ETFs will be submitted to shareholders by March 31, 2015.

Directors for Royce Focus Trust (NYSE: FUND) approved a new investment advisory agreement with Sprott Asset Management, a Toronto-based alternative asset manager, subject to shareholder approval sometime in first quarter 2015. The fund's long-time portfolio manager, Whitney George, will continue to manage the fund under a new shareholder-approved advisory agreement.

Directors of Morgan Stanley Eastern Europe Fund (NYSE:RNE) adopted a proposal to liquidate the fund, subject to shareholder approval at a special meeting of shareholders in February 2015.

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CEF Performance Statistics

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Category	Average 1Mo NAV Change	Average 1Mo Mkt Change	Average P/D 12/31/2014	Average P/D 11/30/2014	Average 1 Mo P/D Change	Average YTD NAV Change	Average YTD Mkt Change	Average YTD P/D Change (%)
California Municipal Debt Funds	0.5%	1.9%	-4.6	-5.9	1.3%	11.8%	13.3%	1.1%
Convertible Securities Funds	-2.4%	-2.1%	-4.1	-4.5	0.4%	-4.1%	-0.7%	3.5%
Core Funds	-2.6%	-2.6%	-9.5	-9.2	0.0%	-1.7%	-2.8%	-1.6%
Corporate BBB-Rated Debt Funds(Leveraged)	-1.6%	-1.5%	-9.9	-10.0	0.1%	1.4%	1.3%	-0.1%
Corporate Debt Funds BBB-Rated	-1.0%	-1.4%	-8.4	-8.0	-0.4%	0.4%	1.7%	1.2%
Developed Market Funds	-6.2%	-7.8%	-11.7	-10.6	-0.8%	-7.6%	-10.2%	-2.5%
Emerging Markets Funds	-8.3%	-7.9%	-9.0	-9.6	0.6%	-7.3%	-7.9%	-0.4%
Emerging Mrkts Hard Currency Debt Funds	-6.7%	-8.5%	-12.4	-10.7	-1.7%	-8.7%	-11.1%	-2.4%
Energy MLP Funds	-7.6%	-7.6%	-3.7	-3.1	-0.5%	-3.8%	-5.5%	-1.1%
General & Insured Muni Debt Funds (Leveraged)	0.7%	1.5%	-7.6	-8.3	0.7%	13.2%	12.4%	-0.6%
General & Insured Muni Fds (Unleveraged)	0.4%	1.5%	-2.2	-3.3	1.1%	7.7%	11.2%	3.2%
General Bond Funds	-2.4%	-2.9%	-5.3	-4.5	-0.8%	-0.4%	-1.0%	-1.0%
Global Funds	-2.7%	-3.6%	-9.4	-8.5	-0.9%	-5.6%	-4.6%	0.8%
Global Income Funds	-4.1%	-5.1%	-8.8	-7.8	-1.0%	-4.1%	-5.7%	-1.6%
Growth Funds	-1.3%	-2.0%	-14.4	-5.7	-0.7%	4.4%	-12.8%	-10.3%
High Yield Funds	-2.8%	-3.8%	-8.3	-7.1	-1.3%	-6.7%	-7.1%	-0.7%
High Yield Funds (Leveraged)	-3.5%	-3.9%	-6.8	-6.4	-0.4%	-5.7%	-6.7%	-0.8%
High Yield Municipal Debt Funds	0.6%	1.5%	-3.0	-3.7	0.8%	10.1%	11.0%	0.8%
Income & Preferred Stock Funds	-1.7%	-3.3%	-7.9	-6.2	-1.7%	6.4%	7.0%	0.4%
Intermediate Municipal Debt Funds	0.4%	1.5%	-5.3	-6.4	1.1%	7.7%	6.8%	-0.7%
Loan Participation Funds	-2.3%	-2.0%	-9.5	-9.9	0.4%	-4.2%	-9.1%	-4.5%
Natural Resources Funds	-3.4%	-4.1%	-10.7	-9.4	-1.3%	-6.6%	-3.5%	0.0%
New Jersey Municipal Debt Funds	0.7%	1.6%	-10.9	-11.6	0.8%	11.5%	10.1%	-1.1%
New York Municipal Debt Funds	0.8%	1.5%	-7.5	-8.1	0.6%	11.1%	9.8%	-1.0%
Options Arbitrage/Opt Strategies Funds	-2.2%	-5.9%	-5.1	-1.9	-3.6%	-2.9%	-1.2%	1.6%
Other States Municipal Debt Funds	0.7%	0.2%	-8.1	-8.2	-0.4%	10.9%	11.9%	0.8%
Pacific Ex Japan Funds	-3.5%	-2.7%	-9.5	-10.3	0.8%	-8.9%	-9.0%	-0.2%
Pennsylvania Municipal Debt Funds	0.6%	0.5%	-10.6	-10.5	-0.1%	11.1%	11.5%	0.4%
Real Estate Funds	-0.2%	-0.7%	-12.4	-11.2	0.3%	14.7%	14.9%	-1.2%
Sector Equity Funds	-1.3%	-3.9%	-6.0	-4.3	-1.7%	-0.2%	-0.8%	1.0%
U.S. Mortgage Funds	-1.2%	-2.0%	-8.4	-7.7	-0.7%	0.4%	-0.5%	-0.5%
Utility Funds	-1.7%	-3.7%	-5.0	-3.0	-2.0%	8.1%	10.5%	2.0%
Value Funds	-2.3%	-0.8%	-10.4	-10.7	0.4%	1.4%	6.1%	1.3%

Top 5 Performing CEFs

LIPPER

Fund Name	Category	Ticker Symbol	1-Month NAV Change	Rank
Morg Stan China A	Emerging Markets Funds	CAF	17.5%	1
JPMorgan China Region	Emerging Markets Funds	JFC	4.8%	2
NexPoint Credit Strat	High Yield Funds (Leveraged)	NHF	3.5%	3
Source Capital	Core Funds	SOR	2.5%	4
J Hancock Finl Opptys	Sector Equity Funds	BTO	2.4%	5

Fund Name	Category	Ticker Symbol	Year-to-Date NAV Change	Rank
Morg Stan India Inv	Emerging Markets Funds	IIF	45.6%	1
Morg Stan China A	Emerging Markets Funds	CAF	37.8%	2
Engex Inc	Growth Funds	EXGI	29.5%	3
Cohen & Steers Qual Rlty	Real Estate Funds	RQI	28.6%	4
RMR Real Estate Income	Real Estate Funds	RIF	27.4%	5

Fund Name	Category	Ticker Symbol	1-Month Market Change	Rank
Herzfeld Caribbean Basin	Emerging Markets Funds	CUBA	18.7%	1
Morg Stan China A	Emerging Markets Funds	CAF	12.4%	2
PIMCO CA Muni Income	California Municipal Debt Funds	PCQ	6.0%	3
Clough Glbl Opptys	Global Funds	GLO	5.9%	4
Central GoldTrust	Sector Equity Funds	GTU	5.5%	5

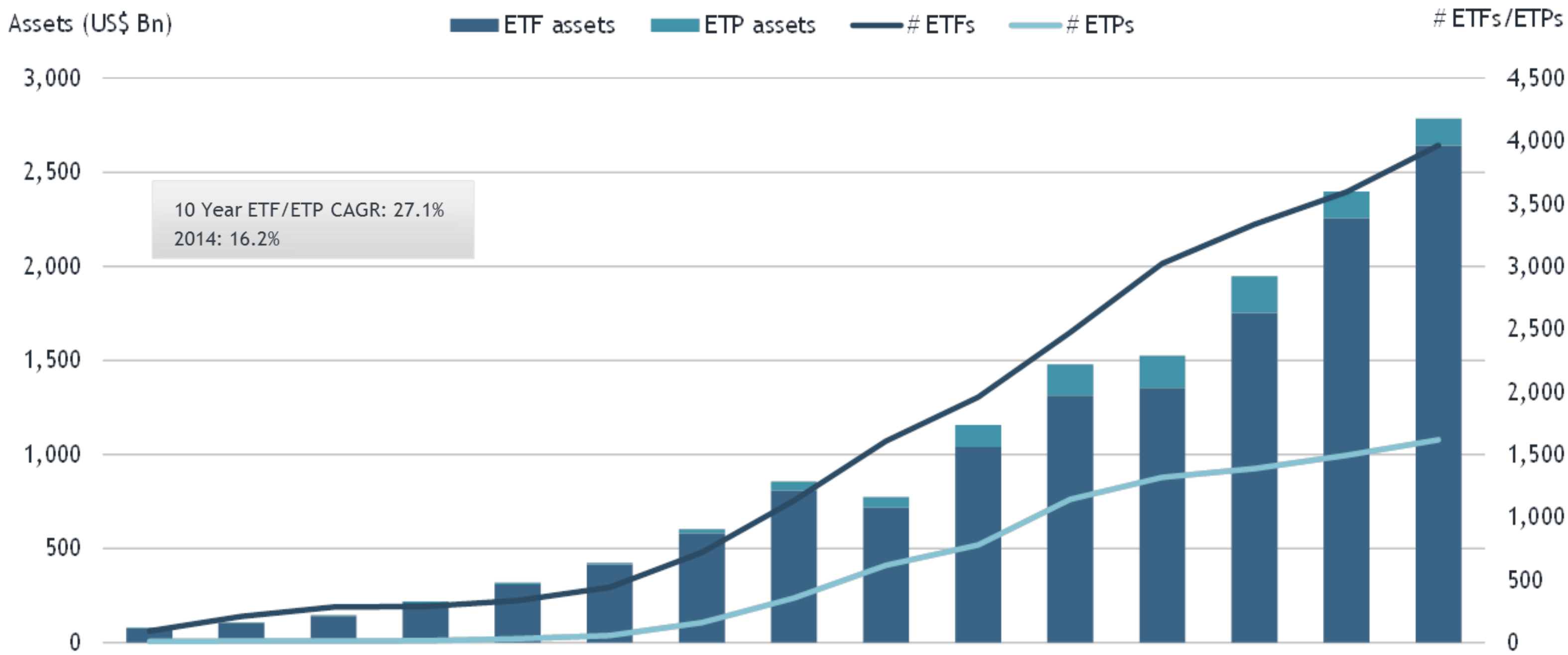
Fund Name	Category	Ticker Symbol	Year-to-Date Market Change	Rank
Morg Stan India Inv	Emerging Markets Funds	IIF	53.8%	1
Columbia Sel Prm Tech Gr	Options Arbitrage/Opt Strategies Funds	STK	31.5%	2
Reaves Utility Income	Utility Funds	UTG	30.9%	3
India Fund	Emerging Markets Funds	IFN	29.1%	4
Cohen & Steers Qual Rlty	Real Estate Funds	RQI	28.6%	5

Fund Name	Category	Ticker Symbol	1-Month P/D Change	Rank
Herzfeld Caribbean Basin	Emerging Markets Funds	CUBA	33.6%	1
Kayne Anderson MLP	Energy MLP Funds	KYN	13.0%	2
Kayne Anderson Mstr/Engy	Energy MLP Funds	KMF	8.7%	3
Kayne Anderson Enrgy TR	Energy MLP Funds	KYE	8.7%	4
Eagle Capital Growth	Core Funds	GRF	8.7%	5

Fund Name	Category	Ticker Symbol	Year-to-Date P/D Change	Rank
Herzfeld Caribbean Basin	Emerging Markets Funds	CUBA	26.4%	1
Pioneer High Income Tr	High Yield Funds (Leveraged)	PHT	22.0%	2
Columbia Sel Prm Tech Gr	Options Arbitrage/Opt Strategies Funds	STK	18.1%	3
Cushing Royalty & Inc Fd	Energy MLP Funds	SRF	17.3%	4
First Tr Spec Fin&Finl	Sector Equity Funds	FGB	14.4%	5

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

At the end of December 2014, the Global ETF/ETP industry had 5,581 ETFs/ETPs, with 10,771 listings, assets of US$2.785 trillion, from 239 providers on 62 exchanges.



Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
# ETFs	94	209	284	289	335	440	719	1,132	1,607	1,957	2,474	3,023	3,335	3,592	3,964
# ETFs/ETPs	105	221	296	304	365	507	886	1,537	2,224	2,736	3,617	4,340	4,723	5,086	5,581
ETF assets	74	105	142	212	310	416	579	806	716	1,041	1,313	1,355	1,754	2,254	2,643
ETF/ETP assets	79	109	146	218	319	425	603	856	774	1,158	1,478	1,526	1,949	2,398	2,785

Summary for ETFs/ETPs: Global

ETFGI's research finds 2014 was a very good year for the Global ETF/ETP industry. Some highlights are below:

ETFs/ETPs listed globally: The global ETF/ETP industry has reached a new record level of US$2.79 trillion in assets invested in 5,580 ETFs/ETPs, with 10,770 listings, from 239 providers listed on 62 exchanges in 49 countries. We expect the assets to break through the US$3 trillion milestone in the first half of 2015. There were US$61.5 billion in net new asset (NNA) inflows in December – the largest NNA month on record. Net inflows of US$338.3 billion are a new record beating prior full year net inflows.

"The US$338.3 billion of net new assets gathered by ETFs/ETPs globally in 2014 demonstrates that ETFs have become a preferred tool for many types of investors to implement and adjust their asset allocation. The US market outperformed other developed markets in 2014 marking the third year of double digit gains with the S&P 500 ending the year up 14%. Emerging markets gained 1% while developed markets were down 4% for the year." according to Deborah Fuhr, managing partner of ETFGI.

During 2014 twenty-nine new providers listed their first ETF/ETP. There were 239 providers of ETFs/ETPs at the end of 2014. The top 3 providers iShares, SPDR and Vanguard have seen their combined global market share increase from 69.9% to 70.5%. Vanguard's market share has increased from 14.2% to 16.0%, SPDRs market share has remained stable at 17.3% while iShares has declined to 37.2% from 38.4%.

The number of ETFs/ETPs that have over US$ 1 billion in assets has increased during 2014 to 691. There has been an increase in new product launches by more providers in 2014 than in 2013.

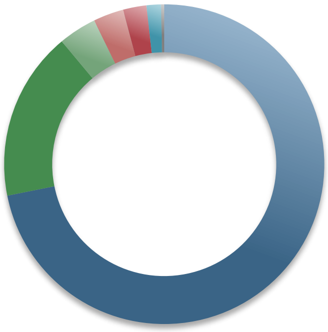
During 2014 twenty-nine new providers listed their first ETF/ETP.

In 2014, 692 new ETFs/ETPs have been launched by 122 providers. 197 ETFs/ETPs have closed

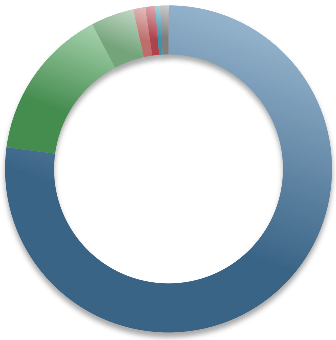
S&P Dow Jones has the largest amount of ETF/ETP assets tracking its benchmarks reflecting 30.6% market share; MSCI is second with a 13.5% market share, followed by Barclays with 9.0% market share.

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.

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	1,662	$2,001.6	71.9%
Europe	2,106	$459.5	16.5%
Asia Pacific (ex-Japan)	597	$118.3	4.2%
Japan	146	$89.7	3.2%
Canada	341	$66.1	2.4%
Middle East and Africa	683	$40.3	1.4%
Latin America	46	$9.8	0.4%
Total	**5,581**	**$2,785.2**	**100.0%**

Asset class	# ETFs/ ETPs	Assets (US$ Bn)	% total
Equity	2,914	$2,155.1	77.4%
Fixed Income	823	$420.8	15.1%
Commodities	723	$115.9	4.2%
Leveraged	328	$34.2	1.2%
Active	199	$25.2	0.9%
Leveraged Inverse	171	$12.1	0.4%
Others	423	$21.9	0.8%
Total	**5,581**	**$2,785.2**	**100.0%**

Asset class	# ETFs/ ETPs	Assets (US$ Bn)	% total
ETF	3,964	$2,643.4	94.9%
ETP	1,617	$141.8	5.1%
Total	**5,581**	**$2,785.2**	**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.

SAVE THE DATE

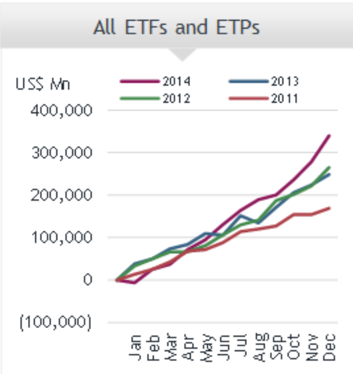
14th Annual Capital Link
Closed-End Funds and Global ETFs Forum

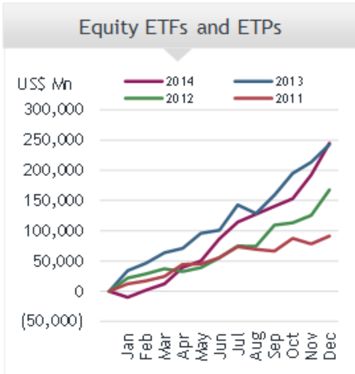
Thursday, April 23, 2015
The Metropolitan Club, One East 60th St.,New York City

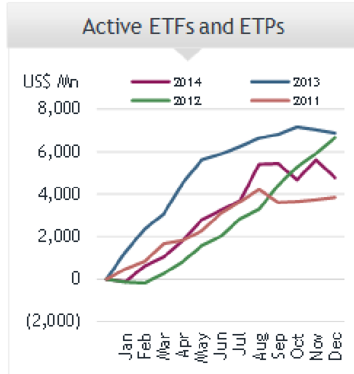
PAST AGENDA

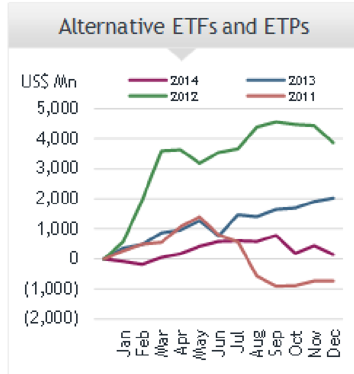
PRESENTATION ARCHIVE

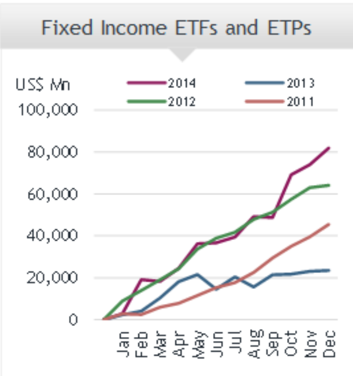
YTD 2013 vs 2012, 2011 ETF and ETP net new assets by asset class: Global

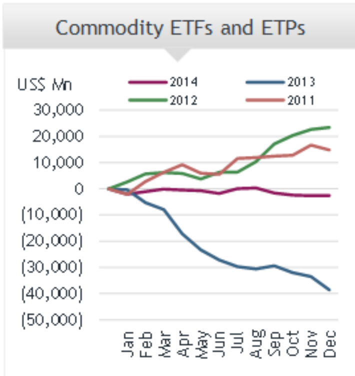


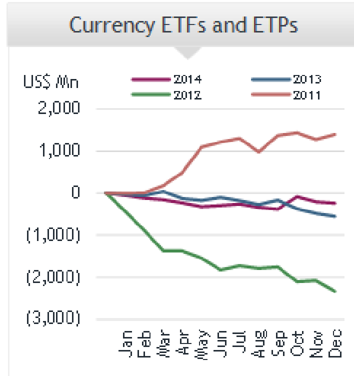


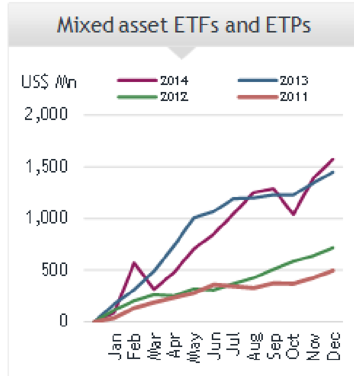












ETFs and ETPs listed globally gathered net inflows of $61,319 Mn in December. In 2014, net inflows reached $339,738 Mn. In 2013 there were net inflows of $248,578 Mn.

Equity ETFs/ETPs saw net inflows of $52,825 Mn in December, taking 2014 net inflows to $245,222 Mn, which is greater than the net inflows of $242,616 Mn in 2013.

Fixed income ETFs and ETPs gathered net inflows of $7,896 Mn in December, growing 2014 net inflows to $81,929 Mn, which is greater than last year which saw net inflows of $23,482 Mn.

Commodity ETFs/ETPs accumulated net inflows of $86 Mn in December. In 2014, net outflows were $2,621 Mn, compared to net outflows of $38,587 Mn in 2013.

Actively managed products saw net outflows of $864 Mn in December, bringing 2014 net inflows to $4,792 Mn, which is less than the net inflows of $6,867 Mn in 2013.

Products tracking alternative indices experienced net outflows of $302 Mn in December, reducing 2014 net inflows to $139 Mn, which is less than the net inflows of $2,023 Mn in 2013.

Currency products saw net outflows of $33 Mn in December. In 2014, net outflows are at $239 Mn, compared to net outflows of $553 Mn in the previous year.

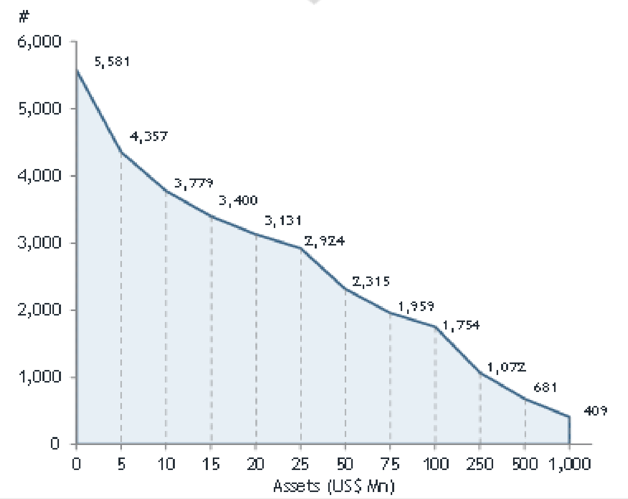
Products holding more than one asset class accumulated net inflows of $185 Mn in December, bringing 2014 net inflows to $1,573 Mn, which is greater than the net inflows of $1,449 Mn in 2013.

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.

etfgi.com

Distribution of ETFs/ETPs by size

ETF/ETP assets



Assets greater than (US$ Mn)	# ETFs	% total	Total assets (US$ Bn)	% total
0	5,581	100.0%	2,780	100.0%
5	4,357	78.1%	2,777	99.9%
10	3,779	67.7%	2,773	99.8%
15	3,400	60.9%	2,769	99.6%
20	3,131	56.1%	2,764	99.4%
25	2,924	52.4%	2,759	99.3%
50	2,315	41.5%	2,737	98.5%
75	1,959	35.1%	2,715	97.7%
100	1,754	31.4%	2,698	97.0%
250	1,072	19.2%	2,588	93.1%
500	681	12.2%	2,451	88.2%
1,000	409	7.3%	2,261	81.4%

409 ETFs/ETPs have greater than US$1 Bn in assets, while 1,754 have greater than US$100 Mn in assets and 2,315 have greater than US$50 Mn in assets. The 409 ETFs/ETPs with greater than US$1 Bn in assets hold a combined total of US$2,261 Bn, or 81.4%, of Global ETF/ETP assets.

ETF/ETP underlying benchmarks: developed equity

Top 20 by assets

Name	Assets (US$ Mn) Dec-14	NNA (US$ Mn) Dec-14	NNA (US$ Mn) 2014
S&P 500 Index	365,929	22,351	63,634
MSCI EAFE Index	56,796	1,886	6,881
CRSP US Total Market Index	50,875	647	7,419
NASDAQ 100 Index	44,606	(3,667)	(11,168)
Nikkei 225 Index	44,145	2,957	6,328
S&P Mid Cap 400 Index	40,590	(72)	(492)
TOPIX Index	35,992	676	3,436
EURO STOXX 50 Index	31,660	1,710	1,198
MSCI Japan Index	28,790	1,143	(64)
Russell 2000 Index	28,050	1,116	2,536
Russell 1000 Growth Index	27,993	(612)	2,780
MSCI US REIT Index	27,133	430	4,807
Russell 1000 Value Index	26,408	761	3,089
FTSE Developed ex North America Index	24,155	1,238	7,335
DAX Index	21,448	1,837	2,190
NASDAQ Dividend Achievers Select Index	21,214	233	301
MSCI World Index	19,144	82	1,731
S&P Financial Select Sector Index	18,439	(2,666)	(9,504)
CRSP US Large Cap Growth Index	17,340	241	2,344
CRSP US Large Cap Value Index	17,234	285	3,317

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.

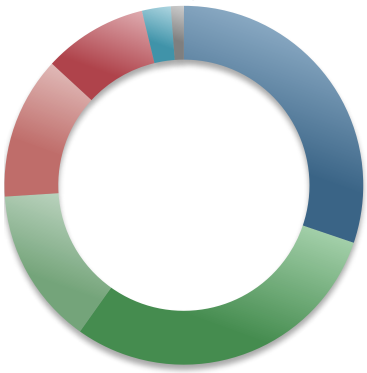
Top 20 by monthly net inflows

Name	Assets (US$ Mn) Dec-14	NNA (US$ Mn) Dec-14	NNA (US$ Mn) 2014
S&P 500 Index	365,929	22,351	63,634
NASDAQ 100 Index	44,145	2,957	6,328
S&P Mid Cap 400 Index	9,657	2,480	1,724
MSCI Japan Index	11,951	2,080	5,129
WisdomTree Japan Hedged Equity Index	56,796	1,886	6,881
Wisdom Tree Europe Hedged Equity Index	21,448	1,837	2,190
CRSP US Total Market Index	31,660	1,710	1,198
MSCI EAFE Index	11,142	1,398	(1,612)
FTSE Developed ex North America Index	5,625	1,297	5,088
JPX-Nikkei Index 400	24,155	1,238	7,335
S&P Energy Select Sector Index	2,556	1,230	1,048
S&P Preferred Stock Index	1,930	1,170	1,250
MSCI World Index	28,790	1,143	(64)
S&P Health Care Select Sector Index	28,050	1,116	2,536
S&P Equal Weight Index	3,423	804	3,494
S&P US 600 Small Cap Index	26,408	761	3,089
CRSP US Large Cap Growth Index	7,480	759	1,798
Russell 2000 Value Index	35,992	676	3,436
S&P Consumer Discretionary Select Sector Index	50,875	647	7,419
Russell 1000 Value Index	1,909	567	792

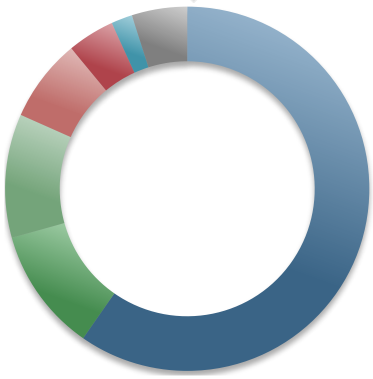
Year to Date ETF / ETP Product Launches

YTD ETF/ETP product launches

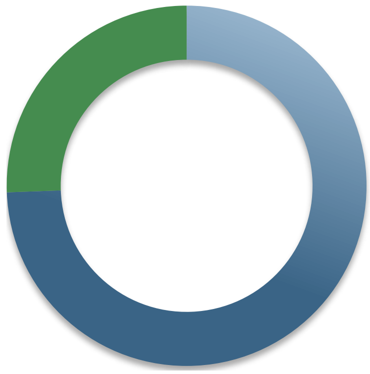
ETFs/ETPs by region listed



ETFs/ETPs by asset class



ETFs/ETPs by product structure



Region	# ETFs/ETPs	% total
Europe	209	30.2%
US	205	29.6%
Middle East and Africa	98	14.2%
Asia Pacific (ex-Japan)	89	12.9%
Canada	65	9.4%
Japan	18	2.6%
Latin America	8	1.2%
Total	**692**	**100.0%**

Asset class	# ETFs/ETPs	% total
Equity	413	59.7%
Active	76	11.0%
Fixed income	76	11.0%
Leveraged	51	7.4%
Leveraged Inverse	29	4.2%
Mixed	13	1.9%
Others	34	4.9%
Total	**692**	**100.0%**

Structure	# ETFs/ETPs	% total
ETF	517	74.7%
ETP	175	25.3%
Total	**692**	**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.

Annually, Capital Link holds 8-10 annual Investment Conferences in New York, London and Athens on maritime transportation and marine services, corporate social responsibility, Closed-End Funds and Global ETFs, a Greek Investor Forum in New York, and a Global Derivatives Forum on Commodities, Energy and Freight.

To view our upcoming conference, please click here.

Rating Actions

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

- **Fitch Rates Tortoise Energy Infrastructure Notes 'AAA'; Affirms Existing Ratings – December 19, 2014**
- **Fitch Rates iMTP Shares & Affirms VRDP Shares Issued by Nuveen Closed End Fund - December 19, 2014**
- **Fitch Rates New Clearbridge pfd 'AA'; Affirm Existing Ratings –January 9, 2015**
- **Fitch Affirms Preferred Share Rating of the Denali Fund at 'AAA'' – January 9, 2015**

Market Videos

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Bill Gross of Janus Capital Group: *Bill Gross Says Good Times Over as Markets Set to Fail*

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Brian Wesbury of First Trust: *Brian Wesbury's Latest Interview on Fox Business*

December 23, 2014
Bob Carey of First Trust: *2014 Review. 2015 Focus.*

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Trish Regan of Bloomberg: *No Bill Gross, No Sweat: Get Ben Bernanke*

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December 10, 2014
Mebane Faber of Cambria Investment Management: Global Asset Allocation ETF

Gold and the Precious Metals Begin 2015 with Resilience

January 12, 2015

Authored by:
Mike McGlone
Director – Research
ETF Securities

Gold leads precious metals gainers as global volatility picks up. Gold was the best performing precious metal in the first full week of the New Year gaining 3.9% as geopolitical fears supported defensive assets like bonds and precious metals. Geopolitical concerns have increased along with volatility led by questions surrounding the future of Greece in the Eurozone and terrorist attacks in France. Investors ignored a largely positive labour report on Friday, while focusing on the lack of wage pressure. The report showed that average hourly earnings dropped 0.2% in December, the largest monthly decline since the comparable data series has been tracked (since April 2006), prompting a weakening of the Dollar and some support to precious metals prices. While consensus among economists remains for interest rates to rise by June 2015, deflationary pressure might prompt the Fed to delay this process. Potentially increasing the store of value attraction of precious metals, global bond yields declined to a new record low last week (1.28% as measured by the Bank of America Merrill Lynch Global Broad Market Sovereign Plus Index bond index). Gold and silver should be primary beneficiaries if stock market volatility continues to normalize.

End of 2014 gold ETP flows show signs of capitulation. Despite a 9.3% decline in the number of ounces of total gold ETP holdings in 2014 (from 56.7mn to 51.3mn), the spot price of gold ended down only 1.4% YOY. Q4 2014 was the largest outflow quarter since Q4 2013, both near the US$1,200/oz. level. Tax loss selling appeared at play again pressuring prices at the end of 2014. Gold has shown impressive resilience despite strong ETP outflows. With recycling having fallen to the lowest level since Q3 2008, it should help support a floor below which gold is unlikely to fall without triggering a further loss in supply. Recycling has accounted for 37% of total gold supply on average over the past 5 years but recent weakness in the gold price has seen recycling falling by 15% yoy in the first three quarters of 2014.

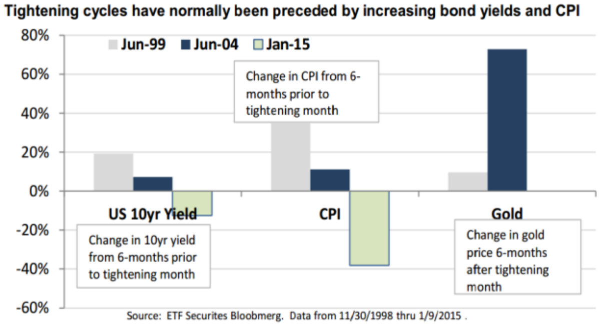
Gold could benefit if Fed tightening is delayed. The market is anticipating the beginning of some federal funds rate normalization in 2015. Last week, FOMC end of-the-year rate expectations declined 10bps to 51bps based on the Dec. 2015 Fed Funds Futures. The latest FOMC minutes did little to influence fed funds rate change expectations but declining bond yields on the back of some wage deflation may have. If the FOMC does not hike in 2015, it could be due to a lack of inflation expectations and/or increasing stock market volatility. Should the Fed maintain its near zero rate policy for longer, precious metal prices would likely be supported as an early 2015 rate hike was highly expected.

Precious Metal Prices[1]

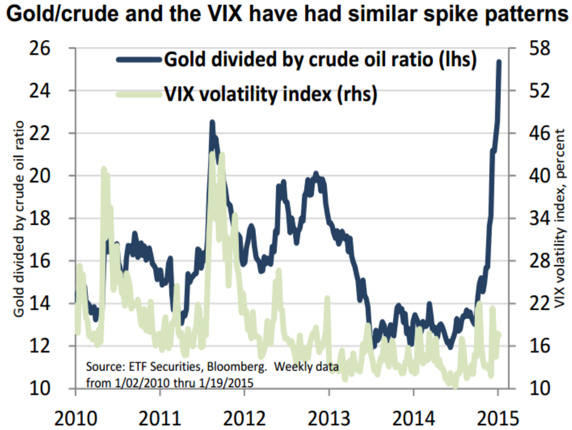
USD/oz	Gold	Silver	Plat.	Pall.
Level	1,217.8	16.2	1,225.0	795.0
Change				
-1 Week	3.9%	3.4%	2.7%	0.5%
-1 Month	-0.8%	-0.8%	-1.5%	-1.7%
-3 Months	0.6%	-6.5%	-2.7%	2.2%
YTD	1.1%	1.7%	1.6%	-2.0%
-12 Months	-0.6%	-16.9%	-13.4%	8.0%

[1] Based on Jan. 9, 2014 London fixing price.
Source: ETF Securities, Bloomberg.

Tightening cycles have normally been preceded by increasing bond yields and CPI



Gold/crude and the VIX have had similar spike patterns



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Understanding Oil and the Impact on Real Assets

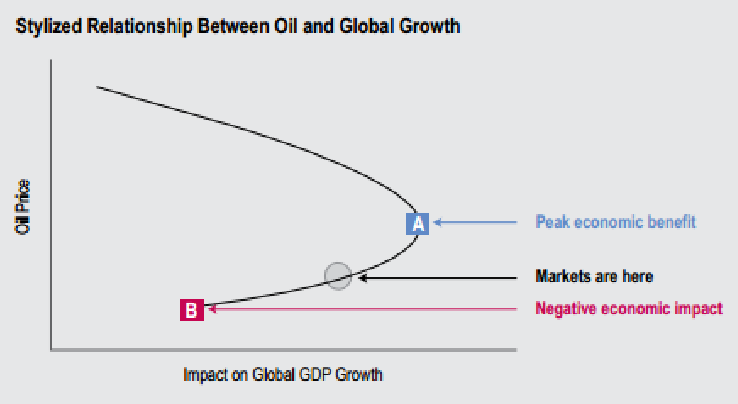
January 2015

The decline in oil prices has raised many questions among investors about what it means for the global economy and how different investments might be affected. This report offers our insights on potential scenarios for the oil price cycle and the opportunities and risks in real asset classes, including real estate securities, commodities, natural resource equities and global listed infrastructure.

Falling Oil Prices Are a Double-Edged Sword

With oil prices down more than 50% from their peak in mid-2014, oil consumers have received a significant financial windfall. Lower oil prices serve as a "tax cut" through lower gasoline and heating fuel prices, giving consumers more money to spend and reducing input costs for many businesses. However, if the oil price falls too far, it can negatively impact oil-producing countries and businesses, leading to less spending on future projects, fewer energy jobs and reduced economic activity in energy-related businesses. Low oil prices can also trigger credit stress, which can cause a ripple effect across global markets and ultimately dampen economic growth.

The graph below offers a visual representation of this dynamic. Declining oil prices provide an increasing benefit to economic growth up to point A, at which point the benefit begins to diminish. At some price— point B—low oil prices would be a detriment to growth and would present heightened stress in global credit markets. In our view, we are currently beyond point A, but above point B: the positive impact of lower energy costs is outweighing the negative impact from credit stress. However, risks to the global economy could increase if oil prices continue to drop or remain low for a prolonged period, which leads us to our next topic: where do oil prices go from here?



Source: Cohen & Steers.

Two Scenarios for Oil Prices

Forecasting the direction of oil prices is a challenging task, particularly after a decline of this magnitude and the continued uncertainty surrounding the policy of the Organization of Petroleum Exporting Countries (OPEC). Not since the mid-1980s has OPEC completely stepped away from balancing the supplyand-demand dynamics of the oil market. In response to the oil-price decline, many North American oil producers have already announced spending cuts for next year. However, near-term production continues to increase. As a result, we believe oversupply will continue to pressure global oil markets. As of this writing on January 14, 2015, Brent crude was $49 per barrel and WTI crude was $46. We see potential price support slightly below current levels, as we are approaching a pivotal pressure point where operating expenses begin to exceed revenues, and producers are forced to shut in production. Over time, this reduced activity could lead to a recovery in prices. How quickly this recovery occurs may hinge on the willingness of OPEC to cut production, leading to two scenarios.

Scenario 1: If OPEC agrees to cut production to drive prices higher, we would expect a relatively quick recovery in oil prices, reaching equilibrium around $70 for Brent and $65 for WTI potentially by the end of this year. We believe this is a price OPEC would be comfortable trying to stabilize—high enough for most members to balance their budgets, but low enough not to encourage significant new production from North America that could push global prices lower again.

Scenario 2: If OPEC allows the market to balance itself, prices could remain below $60 well into 2016, potentially reaching equilibrium at $70 for Brent and $65 for WTI by the end of 2016 as production growth is gradually scaled back.

Implications for Real Assets

We believe the shifting dynamics of the oil market presents opportunities for active management, as some regions and sectors are likely to fare better than others depending on the expected trajectory of oil prices. Below are our views of how low oil prices may affect core real asset classes based on current market conditions.

Real Estate Securities

Demand for commercial real estate is driven by local economic conditions. To the extent that lower oil prices affect a country's economic backdrop, we would expect to see a corresponding impact on the demand for commercial real estate. As such, companies with assets in oil-producing markets could see a negative economic effect, whereas those in regions driven more by domestic consumption should benefit from lower energy expenses.

- Sustained low oil prices should allow interest rates to remain lower for longer, which we expect to be beneficial for real estate securities.
- For some oil-exporting nations, lower oil revenues could impact current accounts, drive fiscal spending lower, weaken currencies and lead to less foreign direct investment. Countries affected could include Canada, Norway, Russia, Mexico and Brazil, and to a lesser extent, the United Arab Emirates, Indonesia and Malaysia.
- Oil importers and consumption-driven economies should benefit from lower oil prices, as consumers have more to spend as a result of lower gasoline and heating expenses. These include the U.S., Japan and Europe, as well as emerging markets such as the Philippines, India and Thailand.
- Among property sectors, we expect low oil prices to provide the largest benefit to consumer-oriented sectors, including regional

malls, shopping centers, self storage, apartments and logistics. However, other property sectors such as offices and industrial could also benefit, depending on the impact to local economic growth.

Commodities

Energy represents a significant component of the major commodity indexes. As a result, volatility in the price of oil can have a dramatic effect on any diversified commodities strategy.

- We are currently underweight the petroleum complex, which includes WTI crude, Brent crude, unleaded gasoline and distillates (heating oil, diesel).
- We believe the oil futures curve will steepen from current levels, a phenomenon called contango, where a futures contract price is above the current spot price. We are expressing this view by selling "time spreads"—selling a contract in the front of the futures curve and buying a contract farther out on the curve to capture the price difference between the two months.
- Within our diversified universe of commodities, we are currently finding more attractive long opportunities in certain base and precious metals, as well as agriculture commodities, which we believe are largely insulated from the impact of oil prices.

Natural Resource Equities

Energy-related natural resource equities are just one portion of the asset class, which also includes
metals & mining and agribusiness.

- We are underweight the energy sector, particularly exploration and production (E&P) companies, as well as higher-risk emerging-market energy producers.
- We are balancing this underweight with a large overweight in agribusiness, which has no negative direct exposure to falling energy prices.
- Mining companies should see a short-term tailwind to margins and cash flows as energy expenses represent a large portion of their cost of goods sold (COGS). Lower input costs should help to offset some of the pressure on revenues resulting from declines in metals prices.

Global Listed Infrastructure and MLPs(1)

Lower oil prices can have both positive and negative effects on infrastructure business operations, depending on whether an asset's users are oil consumers or oil producers. To the extent that oil-price volatility creates market uncertainty, we would note that global listed infrastructure has historically outperformed broad equities during market downturns.

- Pipelines will likely be the infrastructure subsector most negatively affected by rapidly declining and sustained low crude oil and natural gas liquids (NGL) prices. Most pipeline company assets operate under fee-based contract structures and therefore have minimal direct commodity price risk. However, some businesses, such as processing, may have direct exposure to prices. Pipeline companies may also be affected indirectly, as reduced capital expenditures from E&P companies could lead to slowing production growth for crude oil and NGLs, impacting volumes transported through pipelines. We expect the slowdown in North American energy production to reduce medium-term capital investment opportunities for midstream energy companies. However, the long-term imperative for energy infrastructure investment remains, given the growing importance of energy independence. We believe that attractive investment opportunities will arise during the current "sorting-out" period for midstream energy stocks.
- Transportation infrastructure businesses have the potential to benefit from sustained low oil prices, as lower fuel costs tend to lead to higher throughput (e.g., higher traffic on toll roads).
- If a lower commodity price environment coincides with a more defensive and risk-averse market sentiment, defensive subsectors such as utilities and satellites may perform well.
- We have reduced our allocations to energy infrastructure in favor of businesses with less direct and indirect exposure to lower energy commodity prices, including European regulated utilities, U.S. freight rails and U.S. integrated utilities.

Closing Perspective

As we have seen in the early days of 2015, oil prices remain highly volatile. The biggest near-term risk is that pockets of credit stress could spread to other parts of the global financial market. So far, the more severe stresses have been contained to specific oil-dependent countries such as Russia and Venezuela. However, we are closely monitoring cross correlations in foreign-exchange markets for indications that credit risk is spreading.

As the oil cycle plays out—as production and capacity are cut and markets rebalance—we anticipate major buying opportunities. At Cohen & Steers, our cross-disciplinary approach to active management combines our specialized knowledge across real asset classes, including the extensive experience of our commodities team, to identify and act on opportunities as they emerge.

Performance data quoted represents past performance. Past performance is no guarantee of future results. The views and opinions in the preceding commentary are as of the date of publication and are subject to change without notice. This material represents an assessment of the market environment at a specific point in time, should not be relied upon as investment advice, is not intended to predict or depict performance of any investment and does not constitute a recommendation or an offer for a particular security. We consider the information in this presentation to be accurate, but we do not represent that it is complete or should be relied upon as the sole source of suitability for investment. There is no guarantee that any historical trend illustrated in this commentary 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 a market forecast made in this commentary will be realized.

Understanding the Risks of Investing. A real assets strategy is subject to the risk that its asset allocations may not achieve the desired risk-return characteristic, underperform other similar investment strategies or cause an investor to lose money. The risks of investing in REITs are similar to those associated with direct investments in real estate securities. Property values may fall due to increasing vacancies, declining rents resulting from economic, legal, tax, political or technological developments, lack of liquidity, limited diversification and sensitivity to certain economic factors such as interest rate changes and market recessions. An investment in commodity-linked derivative instruments may be subject to greater volatility than investments in traditional securities, particularly if the instruments involve leverage. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The use of derivatives presents risks different from, and possibly greater than, the risks associated with investing directly in traditional securities. Among the risks presented are market risk, credit risk, counterparty risk, leverage risk and liquidity risk. The use of derivatives can lead to losses because of adverse movements in the price or value of the underlying asset, index or rate, which may be magnified by certain features of the derivatives. Infrastructure issuers may be subject to adverse economic occurrences, government regulation, operational or other mishaps, tariffs and changes in tax laws and accounting standards. Foreign securities involve special risks, including currency fluctuation and lower liquidity. The market value of securities of natural resource companies may be affected by numerous factors, including events occurring in nature, inflationary pressures and international politics. Because the strategy invests significantly in natural resource companies, there is the risk that the strategy will perform poorly during a downturn in the natural resource sector.

Futures Trading Is Volatile, Highly Leveraged and May Be Illiquid. Investments in commodity futures contracts and options on commodity futures contracts have a high degree of price variability and are subject to rapid and substantial price changes. Such investments could incur significant losses. There can be no assurance that the options strategy will be successful. The use of options on commodity futures contracts is to enhance risk-adjusted total returns. The use of options, however, may not provide any, or only partial, protection for market declines. The return performance of the commodity futures contracts may not parallel the performance of the commodities or indexes that serve as the basis for the options it buys or sells; this basis risk may reduce overall returns.

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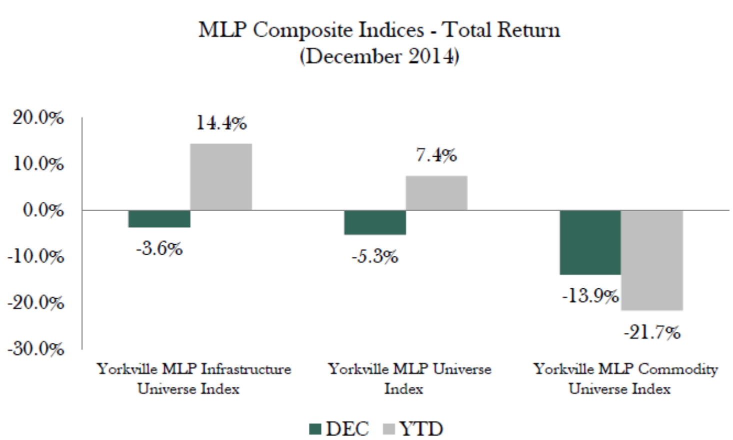
Stay Focused on Fundamentals in 2015

January 2015

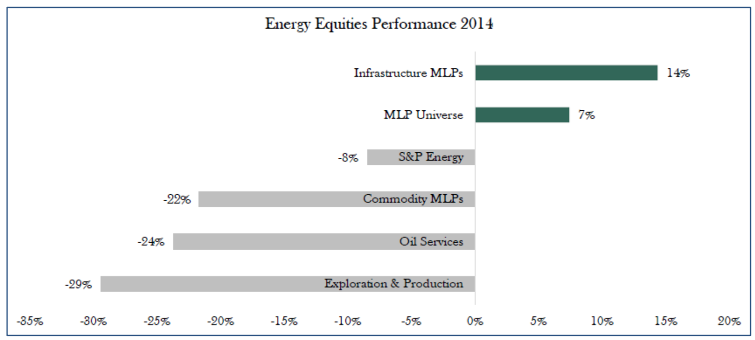
There is no question that the 40-plus percentage decline that occurred in West Texas Crude Oil from $105 a barrel to $55 had a negative effect on MLP unit prices. The best comparison for 2014's steep decline in the price of oil was 2008-2009, when the price of WTI crude declined by over 70% from $140 to below $40. During this period, -90% of midstream MLPs and 75% of all MLPs maintained or increased distributions. In 2009, MLPs popped 80%, recouping their losses in less than 12 months due to the aforementioned strong fundamentals. Apart from Broadwalk Pipeline (BWP), which slashed its distribution early in 2014 prior to oil's precipitous decline, every Midstream MLP maintained or increased its distribution in 2014. In the fourth quarter of 2014, 95% of MLPs maintained or increased distributions and distributions across the asset class grew by 5.6%.

With all of the volatility in energy prices over the course of 2014, it should be very apparent that MLPs and their toll road models provide investors with a less risky way to invest in America's energy revolutions. In 2014, Midstream MLPs showed resilience amidst a challenging commodity price environment, returning _14.4%. MLPs overall gained 7.4 percent (while Commodity MLPs lost more than 20 percent). The same could not be said for other energy equity investments. The S&P 500 Energy Index lost -8.5% and oilfield services companies fell 23.7%. Meanwhile, the S&P Oil & Gas Exploration & Production Index Corporations dropped early 30 percent, refer to the graph on next page.

Because underlying fundamentals of MLPs were largely unaffected, the steep drop in oil in 2008-09 served as a tremendous buying opportunity, evidenced by the fact that the MLP asset class gained approximately 80% in 2009. If one were to have purchased MLPs at their lows after the oil decline, investors would have achieved annualized returns in excess of 30% per annum through 2014.



We believe the future for MLPs is as bright as it has ever been with excellent visibility into where development and investment in essential U.S. energy infrastructure is needed. Yorkville expects MLPs' current yield of five-plus percent to grow at an annual pace of approximately 5-7% in the coming years. This provides an attractive total return profile potential in the 10-12% range. The recent selloff has created a disconnect between price and fundamentals. For those investors sitting on the sidelines or already invested MLPs, this could prove to be an excellent time to initiate a new or add to an existing position.



Investors can get a quick snapshot of the health of MLP asset class fundamentals by monitoring Yorkville's Stability and Growth Scores at www.yorkvillecapital.com. The Midstream/Infrastructure segment had readings of 8.7% for distribution growth and 9.8% for stability (98% increased or maintained distributions year-over-year) in the fourth quarter 2014 and the broader asset class posted a Stability Score of 9.5 and Growth Score of 5.6%.

Stability Score
9.5

Growth Score
5.6%

From a technical selloff perspective, we do not see many differences today relative to what transpired in 2008-2009. Even though MLPs have declined in the recent months, fundamentals remain strong. Yorkville advises our clients to stay focused on fundamentals – distribution stability and growth. As long as distributions are being held stable and growing, clip the growing income streams or coupon and don't get distracted by the noise of short-term price fluctuations.

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Xpert Spotlight: The UK: A Country not to be ignored

November 2014

Authored by:

Dodd Kittsley
Director, head of ETF strategy
Deutsche Asset & Wealth Management

Europe's largest country by market cap, the United Kingdom (UK), has continued its robust economic recovery even as uncertainty and opportunity in the Eurozone grab headlines. We believe the UK equity market offers attractive growth prospects and valuation relative to broader Europe and the U.S.

The United Kingdom is among the fastest growing economies in Europe. Real GDP grew 1.7% in the UK in 2013 compared to the Eurozone's -0.4% contraction, and the country is on track to post healthy 3% GDP growth for 2014. Unemployment is down and nearing pre-2008 levels, with labor force participation high. The UK's 6% unemployment rate is far below Europe's average of over 11%. Domestic demand looks well-supported with household consumption up since last year, and retail sales have been in line with expectations.

Consider potentially capturing this solid economic recovery on a currency hedged basis with **Deutsche X-trackers MSCI United Kingdom Hedged Equity ETF (DBUK):**

- **Pure exposure to United Kingdom equities**
- **While mitigating against currency risk in a rising dollar environment**

Solid economic recovery

Wage growth has gained momentum. Wages, which are an important contributor to domestic inflationary pressure, have been slow to adjust higher in response to improved employment, but there has been a notable turnaround in wages since April. Pay in the private sector has risen at an annualized rate of 3.7% over the past six months, which is the fastest rate since 2008. Although monthly growth rates can be volatile, the emerging momentum in wage growth is encouraging.

PMIs, which usually lead GDP growth, are among the highest in Europe: Manufacturing PMI was 53.2 in October (above the expansion-indicating level of 50), driven by domestic demand. Service sector PMI was even higher at 56.2. Growth in industrial activity continues at a moderate pace. Figure 1 shows real GDP growth in the UK alongside PMIs from the prior three months. When PMIs are above 50, as they are today, solid GDP growth usually follows in the coming months.

Many of DBUK's largest holdings are attractively valued relative to the Eurozone and the United States. Household names such as HSBC and GlaxoSmithKline are multinationals that generate a significant portion of their revenue outside the United Kingdom. Investors interested in the global recovery can consider these companies.

Deutsche Bank's FX strategists see the British Pound (GBP) weakening subtly against the U.S. dollar over the coming 6-12 months, and declining more significantly in 2016 and 2017. Given the ongoing strength of the dollar, which Deutsche Asset & Wealth Management believes will be a multi-year trend, investors should consider hedging the currency risk of their United Kingdom equity allocation. With several years of strength under its belt, the sterling looks expensive in terms of purchasing power parity. The interest rate differential between the U.S. and U.K. is minimal today, making currency hedging very inexpensive to investors. Given the low cost to hedge and asymmetric downside risk of the GBP, we believe investors should hedge their exposure to the sterling.

Top 10 DBUK Holdings[2]

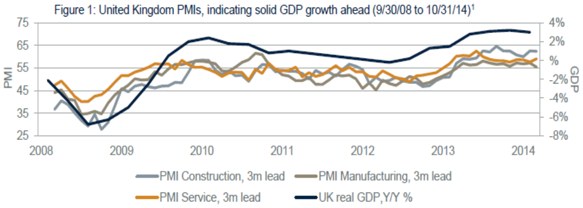
Name	Ticker	Sector	Weight %
HSBC Holdings PLC	HSBA	Financials	7.1
Royal Dutch Shell PLC A	RDSA	Energy	5.1
BP PLC	BP	Energy	4.7
GlaxoSmithKline PLC	GSK	Healthcare	4.2
British American Tobacco PLC	BATS	Consum Def	4.0
Vodafone Group PLC	VOD	Telecomm	3.5
AstraZeneca PLC	AZN	Healthcare	3.5
Royal Dutch Shell PLC B	RDSB	Energy	3.3
Diageo PLC	DGE	Consum Def	2.8
Lloyds Banking Group PLC	LLOY	Financials	2.6

Fundamentals

Index	Dividend Yield	P/E	Forward P/E	P/BV[3]
MSCI UK	3.73	14.33	12.89	1.83
MSCI EMU	3.2	18.82	13.1	1.51
MSCI USA	1.96	19.34	16.02	2.78

Investors seeking to capitalize on the positive attributes of the U.K. market without fighting the upward trend of the dollar can implement their investment thesis with Deutsche X-trackers MSCI United Kingdom Hedged Equity ETF (DBUK).

Figure 1: United Kingdom PMIs, indicating solid GDP growth ahead (9/30/08 to 10/31/14)[1]



The opinions and forecasts expressed herein by the ETF strategists do not necessarily reflect those of DeAWM Distributors, are as of 11/18/14 and may not come to pass.

1 Deutsche AWM Macro Research, Bloomberg as of 10/31/14. Past performance does not guarantee future results.

2 Deutsche Asset & Wealth management as of 11/19/14. Holdings subject to change.

3 MSCI as of 10/31/14

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Perspectives on Stocks: Volatility and Opportunity Go Hand-in-Hand

December 2014

This past October, the stock market fell sharply due to a convergence of worries, including slowing global growth, vocal disagreement between the European Central Bank and German financial officials about monetary policy, international conflict and the spread of Ebola.

For a few days, the media gave the impression that the sky could very well be falling, as far as the stock market was concerned. But then what happened? The U.S. stock market bounced right back up again and soared to new highs as midterm elections came and went, a number of corporations announced good earnings, global growth concerns lessened, and fears of a worldwide Ebola crisis waned.

What happened in the stock market over this short period may not have been pleasant for investors, but it wasn't unusual. In exchange for higher long-term growth potential, stocks have demonstrated more short-term volatility than other types of investments. In fact, since the current bull market began in March of 2009, there have been 15 periods when the S&P 500 Index retreated 5% or more (Figure 1, page 4).

FIGURE 1. DOWNTURNS HAVE BEEN A NORMAL PART OF THIS BULL MARKET

Source: Bloomberg. Past performance is no guarantee of future results. The S&P 500 Index is a measure of the performance of the U.S. stock market. Indexes are unmanaged, not available for direct investment and do not include fees or expenses. A 200-day moving average is a security or index's average closing price over the past 200 days.

We're optimistic that stocks can move higher

The current equity bull market began more than five years ago, and some people have asked if it is running out of steam. I believe stocks have more room to advance, for a variety of reasons:

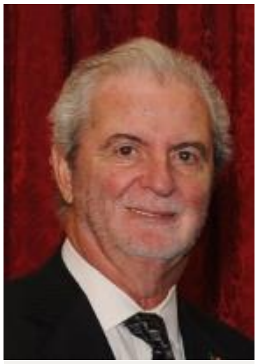
1) Economic growth looks set to maintain its steady pace, supported by falling unemployment, good consumer activity and strength in the manufacturing sector.
2) Even though the Federal Reserve has concluded its quantitative easing program, monetary policy remains accommodative. Also, new quantitative easing programs in other countries are helping to suppress yields in the U.S.
3) Corporate balance sheets are generally strong and corporate profit growth for 2015 could very well be in the 6% range, in my opinion.
4) Low corporate borrowing costs encourage companies to buy back their own stock or the stock of other companies. This provides support to the stock market.
5) Stock prices are attractive by a variety of our favored long-term measures.

The case for growth stocks

We're especially optimistic about the stocks of growth companies. Reflecting the factors we discussed, the U.S. economy appears to be in the middle innings of its recovery, with plenty of steam left. Growth companies have typically performed well during periods of economic growth, especially as investors become more confident in the health of the recovery. Although this recovery cycle has been going on for several years already, we believe it may last longer than normal. The Great Recession was not a typical downturn, and we expect the recovery cycle to last longer as well, providing a favorable backdrop for growth stocks.

Growth stocks are also trading at prices we believe are attractive relative to their companies' earnings growth potential. Typically, investors pay more for growth stocks than value stocks, in exchange for higher earnings potential. Yet the current premium for large-cap growth stocks relative to non-growth stocks is about half its long-term average* and far less than the heights reached during the technology stock bubble (Figure 2).

An investment in the Fund(s) is subject to risks, and you could lose money on your investment in the Fund(s). There can be no assurance that the Fund(s) will achieve its investment objective. Your investment in the Fund(s) is not a deposit in a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. The risks associated with an investment in the Fund(s) can increase during times of significant market volatility. The Fund(s) also has specific principal risks, and more detailed information regarding these risks can be found in the Fund's prospectus. The principal risks of investing in the Calamos Growth Fund include: equity securities risk consisting of market prices declining in general, growth stock risk consisting of potential increased volatility due to securities trading at higher multiples, mid-sized company risk, foreign securities risk and portfolio selection risk. The principal risks of investing in the Calamos Discovery Growth Fund include: equity securities risk consisting of market prices declining in general, small and mid-sized company stock risk which are historically more volatile and less liquid than large cap company stock, growth stock risk, foreign securities risk, portfolio selection risk, and portfolio turnover risk. The principal risks of investing in the Calamos Focus Growth Fund include: equity securities risk consisting of market prices declining in general, growth stock risk consisting of potential increased volatility due to securities trading at higher multiples, value stock risk, foreign securities risk, forward foreign currency contract risk, portfolio selection risk, and options risk. The principal risks of investing in the Calamos Mid Cap Growth Fund include: declining equity values; higher volatility from growth and mid-cap companies to changes in the economic; incorrect selection or judgments on portfolio holdings by the investment advisor; increased transaction costs because of frequent turnover; losses from currency fluctuations; lack of liquidity or correlation to underlying securities in the options market; and potential illiquidity of securities purchased privately under Rule 144A. More detailed information regarding these risks can be found in the Fund's prospectus. All funds: 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. This material is distributed for informational purposes only. The information contained herein is based on internal research derived from various sources and does not purport to be statements of all material facts relating to the information mentioned, and while not guaranteed as to the accuracy or completeness, has been obtained from sources we believe to be reliable.



Authored by:
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CEO and Global Co-CIO
Calamos Investments

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Asset Allocation Strategies in Volatile Markets

December 2014

When I meet with financial advisors and investors, our conversations typically turn to asset allocation and the challenges of capturing market upside while avoiding undue levels of risk and market downside. My approach to asset allocation focuses on building a strong and globally informed core portfolio, where capital preservation remains a key goal. Core investments are those that are held throughout the market cycle at a fairly consistent level, versus more tactical allocations that a financial advisor will adjust more frequently in response to market conditions.

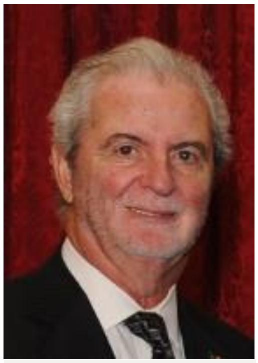
Calamos Growth and Income Fund is one of the portfolios that we developed to meet the need for core strategies. Launched in 1988, the fund is designed to provide exposure to equity market upside with the potential downside resilience.

Rather than using a blend of stocks and bonds to achieve this goal as many "balanced" funds do, we utilize stocks and convertible securities. I've used convertibles, which have both equity and fixed income attributes, since the 1970s when I sought new ways to enhance the risk and return characteristics of my clients' portfolios. The use of convertibles alongside equities is designed to provide greater upside equity participation than a stock and bond fund with a similar risk posture. The fund further benefits from our use of proprietary fundamental research to identify the most attractive securities within a company's capital structure, experience that we can put to particularly good use in this fund (as it invests in different security types).

Morningstar has placed this fund in its Moderate Allocation Category and Lipper has placed it within the Flexible Allocation Category. However, our use of equities and convertibles makes our approach unique within both groups. In my view, we have built a better mousetrap for investors seeking meaningful equity participation with downside protection.

The merits of our approach have been demonstrated over full market cycles. The fund has participated in a large measure of the stock market's upside, while demonstrating resilience when stocks declined. This approach has allowed the fund to outperform the S&P 500 Index since the fund's inception more than 20 years ago (Figure 1, page 1).

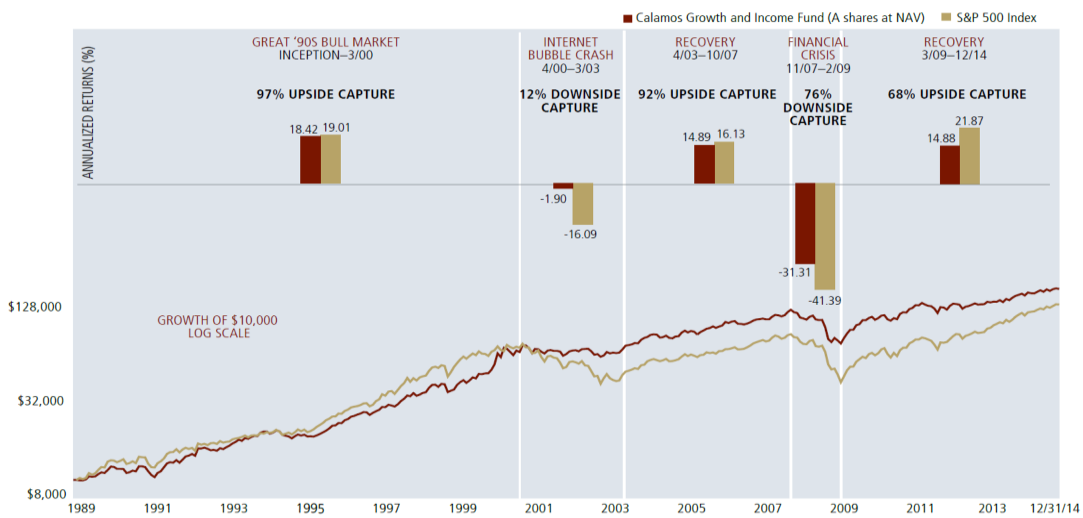
Core strategies should be easy for investors to hold through market cycles. Calamos Growth and Income Fund has delivered what I believe a core fund should. Since its inception, Calamos Growth and Income Fund has, on average, captured 86% of the return during "up" quarters of the S&P 500 Index but only 58% of the return during "down" quarters (Figure 2).



Authored by:
John P. Calamos, Sr.
CEO and Global Co-CIO
Calamos Investments

FIGURE 1. CALAMOS GROWTH AND INCOME FUND HAS MANAGED RISK AND REWARD THROUGH FULL MARKET CYCLES

GROWTH AND INCOME FUND (A SHARES AT NAV) VERSUS U.S. EQUITY MARKET



Past performance is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value and return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance reflected at NAV does not include the Fund's maximum front-end sales load of 4.75%; had it been included, the Fund's return would have been lower. For the most recent fund performance information visit www.calamos.com.

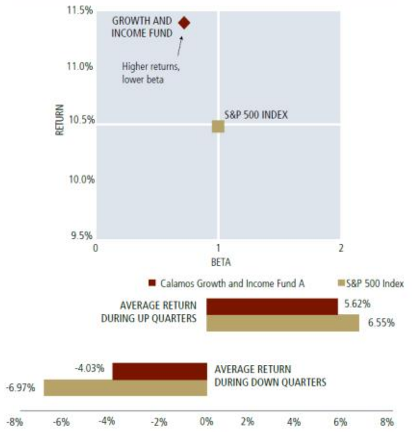
Results are before taxes on fund distributions and assume reinvestment of dividends and capital gains. Index data shown is from 9/30/88, since comparative index data is available only for full monthly periods. Source: State Street Corporation and Lipper, Inc. Logarithmic scales can be useful when looking at performance data over a long period of time. Common percent changes are represented by an equal spacing between the numbers in the scale. For example, the distance between $1 and $2 is equal to the distance between $2 and $4 because both scenarios represent a 100% increase in price. For standard performance information, please see page 3.

Asset allocation does not guarantee investment returns and does not eliminate the risk of loss.

FIGURE 2. A HISTORY OF UPSIDE STOCK MARKET PARTICIPATION WITH DOWNSIDE RESILIENCE

SINCE FUND INCEPTION (9/22/88)
DATA THROUGH 12/31/14

	CALAMOS GROWTH AND INCOME FUND	S&P 500 INDEX
Annualized Return	11.38%	10.46%
Beta	0.72	1.00



Past performance is no guarantee of future results. Source: State Street Corporation and Mellon Analytical Solutions, LLC. Beta measures how much of an investment's performance is attributable to market-wide factors (such as a rising stock market). An investment that goes up or down as much as a broad market measure has a beta of 1. An investment that captures only half of the market's movements would have a beta of 0.5. Beta is one of many measures of risk.

Positioned for Rising But Volatile Markets

I believe the U.S. stock market can advance higher in 2015. Even if the global economy weakens (as declining oil prices suggest may be the case), we believe a recession is not imminent. The U.S. economy looks positioned for continued steady expansion, supported by a range of factors, including job gains, consumer activity, an accommodative Federal Reserve, and strong corporate balance sheets. We continue to expect global GDP growth of 2%–3% in 2015. However, as we saw in October and December, volatility has been a key characteristic of this bull market. We are addressing this risk/opportunity dynamic in a variety of ways within the fund's portfolio.

Within its overall core approach, the portfolio currently has a growth-oriented tilt. From a sector standpoint, we are emphasizing a balance of secular growth and cyclical growth names. Given our expectation for continued market volatility, we also hold some defensive growth names.

Our convertible positions further reflect our focus on risk management, as we are emphasizing convertibles with a blend of fixed-income and equity characteristics, versus those that have higher levels of either equity or credit sensitivity. Finally, although interest rates are still low and are likely to remain so for the foreseeable future (at least through much of 2015), we believe rates will eventually rise as the U.S. economic recovery continues. History has shown that rates can rise quickly, so balanced funds laden with traditional fixed income securities may be vulnerable to risks that are unsuitable for a core allocation intended to be held through full market and interest rate cycles. In contrast, Calamos Growth and Income Fund may be less susceptible to fluctuations in interest rates. Because of their equity characteristics, convertible securities have typically performed better than bonds during periods of rising interest rates.

Conclusion

Since its inception in 1988, Calamos Growth and Income Fund has provided investors with the opportunity to participate in equity upside, consistent with a heightened commitment to capital preservation over full market cycles. I believe that recent market conditions highlight the potential benefits of including Calamos Growth and Income Fund as a core component within a long-term asset allocation.

The fund's historical performance makes it a compelling alternative to traditional balanced funds. Lower volatility equity characteristics (e.g., historically below-market beta) provide a foundation for an asset allocation, around which an investor may add funds with more pronounced growth and value characteristics. By using convertible securities rather than traditional bonds, Calamos Growth and Income Fund provides an innovative way to diversify equity market exposure.

FIGURE 3. AVERAGE ANNUAL RETURNS AS OF 12/31/14

	1-YEAR	3-YEAR	5-YEAR	10-YEAR	SINCE I SHARE INCEPTION	SINCE A SHARE INCEPTION
Calamos Growth and Income Fund						
I shares – at NAV (Inception–9/18/97)	7.57%	11.02%	8.88%	6.66%	9.73%	N/A
A shares – at NAV (Inception–9/22/88)	7.27	10.74	8.60	6.39	N/A	11.38%
A shares – Load adjusted	2.18	8.96	7.55	5.87	N/A	11.17
S&P 500 Index	13.69	20.41	15.45	7.67	6.54	10.46
BofA ML All U.S. Convertibles Ex Mandatory Index (V0A0)	9.33	16.07	11.97	7.34	7.41	9.61
Value Line Convertible Index	7.50	15.09	12.27	8.50	6.64	8.85
Morningstar Moderate Allocation Category	6.21	11.72	9.43	5.93	5.18	7.70

The BofA ML All U.S. Convertibles ex. Mandatory Index and Value Line Convertible Index "Since A share Inception" start date is 9/30/88 and "Since I share Inception" start date is 9/30/97.

Performance data quoted represents past performance, which is no guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value and return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. Performance reflected at NAV does not include the Fund's maximum front-end sales load of 4.75% had it been included, the Fund's return would have been lower. For the most recent fund performance information visit www.Calamos.com.

Class I shares are offered primarily for direct investment by investors through certain tax-exempt retirement plans (including 401(k) plans, 457 plans, employer-sponsored 403(b) plans, profit sharing and money purchase pension plans, defined benefit plans and non-qualified deferred compensation plans) and by institutional clients, provided such plans or clients have assets of at least $1 million. Class I shares may also be offered to certain other entities or programs, including, but not limited to, investment companies, under certain circumstances.

As of the prospectus dated 3/1/14, the gross expense ratios for Class A and I shares are 1.09% and 0.84%, respectively.

Click here for complete reading

Aberdeen Asia-Pacific Income Fund, Inc. (FAX)

January 2015

Economic & market overview

It was a quiet end to 2014 for Asian fixed income markets, though most currencies lost ground against the U.S. dollar and credit markets retreated in December.

Oil was in focus. Investors were preoccupied with how much lower oil prices, which touched a five-year low, could go. Crude's downward spiral ensnared the Russian rouble, which sold off heavily. Shrinking revenues could hurt oil-exporting Russia, which is already smarting from Western sanctions. To stanch the bleeding rouble, the Russian central bank raised its benchmark rate from 10.5% to 17% in one stroke.

Contagion fears weighed on the broader emerging markets. As a result, investors sought refuge in safe-haven assets. Relief for markets came from the U.S. Federal Reserve, which pledged to take its time to tighten monetary policy, even as the domestic recovery gathered pace.

In Asia, growth remained sluggish while inflation eased further. Economic support topped the policy agenda. Japan unveiled a Yen (¥) 3.5 trillion stimulus package after Prime Minister Abe's big win in a snap election, while China eased the loan-to-deposit ratio for banks to help boost liquidity.

A depreciating ringgit triggered outflows and weighed on the bond market in Malaysia. Government-linked companies and statutory boards were directed to stop buying foreign assets to support the currency. In Indonesia, longer-term bonds lagged other tenors, as the government capitalised on falling oil prices to ditch petrol subsidies. We believe this will shave a huge chunk off its 2015 subsidy bill and reduce the sizeable budget deficit.

Short-term bonds weakened in the Philippines, where the positive outlook remained underpinned by on-going debt reduction, favourable growth prospects and lower vulnerability to emerging-market risks. In addition, Moody's* upgraded the country's credit rating. Markets in China, Korea and Taiwan were stable.

Indian bonds bucked the trend, owing to benign inflation, weak industrial production and a higher trade deficit. Reforms remained on track, given changes in Goods and Services Tax implementation and the land acquisition law. Thailand was another good performer in our view, as the central bank cut its growth forecast amid sluggish exports.

Currency volatility increased towards the year-end, in contrast to other asset classes. Most Asian currencies fell against the US dollar, led by the ringgit, Taiwan dollar, rupee and rupiah. The Singapore dollar and yuan suffered losses, while the baht and Hong Kong dollar closed flat. However, the won posted decent gains, partly owing to Korean exporters selling dollars to repatriate earnings. The Philippine peso was buoyed by the seasonal increase in foreign worker remittances.

Indonesian high-yield and Chinese property names led the marginal decline in Asian credit markets. In the investment-grade sector, oil-related companies suffered the most. Indonesian and Thai state-owned enterprises were key underperformers. Over the full year, rising demand lifted Asian credit issues to a record amount of US$197 billion, as companies took advantage of low borrowing costs.

Outlook

Oil prices have continued to slide, triggering renewed volatility in financial markets. Other concerns include looming U.S. policy tightening on the horizon. Expectations are for a hike around June. Nervousness over the timing and pace of tightening could worsen should the U.S. economy sputter, but the Federal Reserve does not appear to be in a hurry to move. Europe presents another risk. Amid fragile economic conditions, most recently a return to deflation, the euro has fallen sharply, owing to political turmoil in Greece and expectations of stimulus despite stout German resistance. Further headwinds may arise via Japan, which has expanded quantitative easing (QE) to boost consumption. Against such a backdrop, Asia's fundamentals should stand it in good stead. We believe most countries have robust balance of payments, ample foreign exchanges reserves and current account surpluses.

Asian bond markets are likely to be supported by potential policy easing and receding inflation. We are more positive about India and Indonesia, where reform is gaining traction, and have heavy exposure to their domestic bond markets, as well as the rupee and rupiah. China has underlined its commitment to support growth through an interest rate cut and targeted measures. We expect onshore yields to remain low because of this easing bias (See Focus item). A worry is Malaysia, for which commodity price weakness is a double-edged sword. While we believe consumers could benefit from lower prices, the government faces declining oil and gas revenues. We are monitoring our exposure to that market. Meanwhile, the near-term outlook for regional currencies remains dim, as potentially higher domestic rates and QE in both Europe and Japan underpin an appreciating U.S. dollar.

Across credit markets, we expect spreads to remain volatile in the short term, although we still see potential value in the asset class. The continued search for yield should benefit higher-quality investment grade credits. We are more cautious about the high-yield sector, where headwinds from lower oil prices, growth expectations and outflows have led to wider spreads.

* Moody's is an independent, unaffiliated research company that rates fixed income securities. Moody's assigns ratings on the basis of risk and the borrower's ability to make interest payments. Moody's backs its ratings with exhaustive financial research and unbiased commentary and analysis.

Focus – A challenging year ahead for China

In a recent article in the China Daily, a senior official highlighted the main worries of policymakers, such as fiscal and financial risks, a potential bursting of the property bubble and the unsustainable land-financing strategy of local governments. "With proper management the risks can be contained. If they are not well managed, regional risks may evolve into systemic risk," said the head of the development and research centre at the state council, Li Wei. We've similar concerns and, hence, we've lowered our yield forecasts to reflect our more cautious view of the economy, with full-year Gross Domestic Product (GDP) growth likely to settle around 6%. While we expect housing demand to improve slightly as a result of easing measures, construction activity is unlikely to bounce back as quickly. Hence, whether the sector's recovery is sustainable remains to be seen. On a broader level, we think the current targeted stimulus is insufficient to mitigate the impact on growth from bottlenecks in local government financing. This is also linked to the sluggish property sector. Land sales, which are used by local governments to fund infrastructure investment, have fallen sharply. In addition, even if the banks are able to extend credit, we believe local governments cannot borrow because of restrictions being set in place. All this could hurt government-linked public investment. The private sector, meanwhile, is moving at snail's pace in compensating for the "lost GDP" from a decline in government-linked public investment. Consequently, the trend of slower economic growth may persist.

Index performance table

Benchmark returns in US$	Value	1 Month	3 Month(s)	Year-to-date
JPM Asian Currency Index (ADXY)	112.80	-0.73%	-1.91%	-2.77%
HSBC Asian Local Bond Index (ALBI)	257.19	-0.83%	-0.08%	4.36%
JPM Asian Credit Comp Index (JACI)	186.60	-0.42%	1.36%	8.32%
MSCI Asia Pacific ex Japan Equity Index	467.23	-2.31%	-1.21%	-0.20%
U.S. Treasury 10-Year (bps)	2.17%	+1	-32	-86
Oil (US$)	53.27	-19.47%	-41.56%	-45.87%

Source: Bloomberg, 31 December 2014. For illustrative purposes only. **PAST PERFORMANCE IS NOT AN INDICATION OF FUTURE RESULTS.**

Indices are unmanaged and have been provided for comparison purposes only.No fees or expenses are reflected. Individuals cannot invest directly in an index. The JPM Asian Currency Index (ADXY) is a benchmark for monitoring Asia's currency markets on an aggregate basis. The ADXY is a spot index of emerging Asia's most actively traded currency pairs valued against the U.S. dollar. The HSBC Asian Local Bond Index (ALBI) tracks the total return performance of a portfolio consisting of local currency denominated, high quality and liquid bonds in Asia ex-Japan. The J.P. Morgan Asia Credit Index (JACI) tracks total return performance of the Asia fixed-rate dollar bond market. The MSCI Asia Pacific ex-Japan Equity Index is a free floatadjusted market capitalization weighted index that is designed to measure the equity market performance of Asia, excluding Japan. The U.S. Treasury 10-Year index tracks the performance of U.S. Treasury securities with maturities of 1 to 9.99 years. Performance of the above indices is not necessarily indicative of the performance of the Fund. For more information and detailed performance, please visit www.aberdeen-asset.us.

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- Aberdeen Emerging Markets Smaller Company Opportunities Fund, Inc. Announces Dividend – December 19
- Aberdeen Singapore Fund, Inc.(1) Announces Performance Data And Portfolio Composition – January 5
- ALPS Sector Dividend Dogs ETFs Declare Fourth Quarter Distributions – December 24
- Ares Multi-Strategy Credit Fund, Inc. Declares Monthly Distributions of $0.1525 Per Share – January 12
- BlackRock Closed-End Funds Declare Estimated Sources of Distributions – January 7
- BlackRock Launches U.S. Real Estate ETF – January 13
- Distribution Dates and Amounts Announced for Certain Eaton Vance Closed-End Funds – January 13
- Duff & Phelps Select Energy MLP Fund Inc. Declares Quarterly Distribution of $0.315 per Share: January 14, 2015
- ETF Securities Launch First ETFs to Provide Access to Zacks' Earnings Analysis: January 20, 2015
- First Asset Closed-End Funds Confirms Distributions for Year-End 2014 – January 7
- First Trust Energy Income and Growth Fund Increases its Quarterly Distribution to $0.55 Per Share – January 12
- Guggenheim Investments Declares Monthly and Year-End Fixed Income ETF Distributions for 2014 – December 26
- Invesco Closed-End Funds Declare Dividends – January 2
- Invesco PowerShares Announces Launch of Russell 1000 Equal Weight Portfolio (EQAL): January 20, 2015
- Ivy High Income Opportunities Fund Announces Monthly Distribution – January 2
- John Hancock Closed-End Funds Declare Early Monthly Distributions – December 19
- Master Income ETF Launched on NYSE: January 8, 2015
- Market Vectors ETFs Announce December 2014 Distributions – December 26
- Market Vectors Equity ETFs Announce December 2014 Distributions – December 26
- MFS Announces Closed-End Fund Distributions – January 2
- The New Ireland Fund, Inc. Announces Payment of Quarterly Distribution – December 26
- Nuveen Equity Option Closed-End Funds Declare Post-Restructuring Distributions – January 2
- Nuveen Closed-End Funds Declare Monthly Distributions – January 2
- Pioneer Investments Declares Monthly Distributions for Closed-End Funds – January 5
- Wells Fargo Advantage Closed-End Funds Declare Monthly Dividends – December 26
- Wells Fargo Advantage Multi-Sector Income Fund Announces Changes to Portfolio Management Team – January 14
- WisdomTree ETFs Declare Distributions – December 19

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Featured: Deutsche Bank

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Featured: Ares Management

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OCT. 28

October 28– Ahead of the Curve: Upgrading MLP Exposure to Distribution Growth Leaders
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October 14 – MLP and Infrastructure Strategies: Opportunities in a Dynamic Landscape
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