Capital Link's
CEF & ETF Monthly Newsletter

MAY 2016
Volume 4 | Issue 5

Table of Contents

CEF Sector Review
- **Lipper**
  - The Month in CEFs: April 2016.............. 2
  - CEF Events & Corporate Actions........... 5
  - CEF Performance Statistics.................... 6
  - Top 5 Performing CEFs.......................... 7

ETP Sector Review
- **ETFGI.com**
  - Global ETP/ETF Monthly Review........... 8
  - Global ETP/ETF Data & Statistics.......... 9

CEF Ratings & Commentary
- **Fitch Ratings**
  - Fitch: US Closed-End Funds Remain Cautious on Puerto Rico........................ 13

ETF Commentary
- **SPROTT**
  - Sprott Gold Report: May 2016.............. 14
- **John Hancock Investments**
  - Why blending active and passive strategies is right for investors.............. 15

Market/Investment/Fund Commentaries
- **Aberdeen Asset Management**
  - China's economic stimulus: finally working, but for how long?................ 16
- **Calamos Investments**
  - Economic Outlook.............................. 17
  - Is Everyone Overpaying for "Safety Stocks"?.. 19
- **Cohen & Steers**
  - REIT Managers and the Active Advantage.. 21
- **Fund Updates**.. 22

CEFs & ETPs Event Calendar
- **CEFs & Global ETFs Webinar Library**............... 23
- **Upcoming Webinars**.. 23
  - **WBI Investments –** June 7

15th Annual Capital Link
Closed-End Funds and
Global ETFs Forum
Thursday, April 21, 2016
The Metropolitan Club, One East 60th St.,New York City

IN COOPERATION WITH
NYSE

GOLD SPONSORS
CALAMOS INVESTMENTS
COHEN & STEERS
Deutsche Asset Management
First Trust

CAPITAL LINK'S 15TH ANNUAL CLOSED-END FUNDS & GLOBAL ETFS FORUM ATTRACTS A HIGH CALIBER OF INVESTORS


Capital Link's 15th Annual Closed-End Funds and Global ETFs Forum took place on **Thursday, April 21, 2016** at the **Metropolitan Club in New York City**, and was organized in cooperation with the NYSE. The event was a huge success and attracted a wide number of high caliber delegates from the investment community.

The Forum provided a platform where CEF & ETF industry experts were able to delve into a series of topics of critical interest to investors through a series of panel discussions and presentations. Industry experts addressed the trends, developments and outlook in the CEF & ETF industries, while reviewing major investment strategies using CEF & ETFs.

Jim Ross, *Executive Vice President of* **State Street Global Advisors** delivered the **Opening Keynote Address** on **"The Changing Landscape of Financial Advice".**

The morning featured industry panels and investment strategy presentations on CEFs, BDCs and ETFs. Panel discussions include: Where is the Value Today in CEFs; Revitalizing IPOs & Secondary Market for CEFs; Trends in the CEF Leverage, the Advisor Panel; Fund Initiatives to Maximize Shareholder Value; and How Smart is SmartBeta. Investment strategies presented includes: international investing, precious metals, convertibles, alternative investing

Henry H. McVey, *CIO of KKR's Balance Sheet and Head of Global Macro & Asset Allocation of* **KKR** delivered the **Luncheon Keynote Address** on **"Outlook for 2015: Adult Swim Only".**

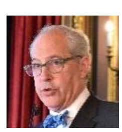
A roundtable discussion on "MLPs: Energy Landscape & Beyond" kicked off the afternoon session of the Forum. It was then followed by presentations focused on risk management, high-yield securities, and the BDC landscape. The Forum concluded with the "ETF Industry Roundtable" discussion.

Capital Link's "Closed-End Funds and Global ETFs Forum" combined rich educational and information content with unique marketing and networking opportunities. In addition, the Forum offered continuing education credits.

Capital Link would like to thank the Advisory Committee, its sponsors, and media partners for their support and contribution in making this event another success.

To access the audio archive and photo gallery of this Forum, please visit: http://forums.capitallink.com/cef/2016.










Save The Date For Next Year's Forum On Thursday, April 27, 2017!

The Month in Closed-End Funds: April 2016

PERFORMANCE

For the second consecutive month equity CEFs and fixed income CEFs on average witnessed plus-side performance on a NAV basis (+3.25% and +2.01%, respectively). For the third month in a row equity CEFs posted a positive return on a market basis (+4.28%), and fixed income CEFs (+2.47%) posted a plus-side market-based return for the fifth month running. For the month of April most of the major broad-based indices posted returns in the black. The Russell 2000 Price Only Index (+1.51%), the Dow Jones Industrial Average Price Only Index (+0.50%), and the S&P 500 Composite Price Only Index (+0.27%) managed to stay in the black, while the NASDAQ Composite Price Only Index declined 1.94%. The Nikkei 225 Price Only Index was one of the strongest performing indices in the global market, rising 4.47% for April.

Equities started out the month on a strong note, fueled by a March nonfarm payrolls report that beat expectations and after the ISM manufacturing index showed its first signs of expansion in six months, rising to 51.8 for March. The Department of Labor reported the U.S. had added a better-than-expected 215,000 jobs for March, above the consensus-expected 205,000, while the unemployment rate ticked up to 5.0% from the 4.9% for February. However, an early-month decline in the price of oil put a cap on the market rally after investors learned that Saudi Arabia had indicated it would freeze oil output only if Iran and the other major producers do so.

Stocks began to struggle as slow-growth worries began to resurface when oil jumped some 6.6% for the week ended April 8, and some investors began to brood over the idea that rising oil prices would reduce the extra money consumers have in their wallets. In addition, wholesale inventories declined for February for the fifth consecutive month as companies cut back production, placing a further pall over the market. However, a spate of better-than-expected earnings reports pushed the major indices into positive territory the following week, despite some trepidation about the failed Doha oil freeze meeting in Qatar.

Disappointing earnings from bellwethers Microsoft, Alphabet, Apple, and Intel weighed heavily on tech stocks later in the month. Stocks finished the month with a fizzle after a weak reading on the U.S. first quarter GDP disappointed and the Bank of Japan decided to leave its monetary policy on hold—to many pundits' chagrin.

During the month the yield on many Treasury instruments experienced some upward momentum after Federal Reserve Chair Janet Yellen said the economy was on a solid course and not in a bubble; investors turned to riskier assets but softened a bit after the PCE price index (the Fed's preferred measure of inflation) showed price pressures had weakened in March. The five-year Treasury witnessed the largest increase in yield during the month, rising 7 basis points (bps) to 1.28% after hitting a monthly closing high of 1.38% on April 25. Treasury yields declined at the one-month and one-year levels, dropping 2 bps and 3 bps to 0.16% and 0.56%, respectively.

The Month in Closed-End Funds: April 2016

- For the second month in a row equity closed-end funds (CEFs) and fixed income CEFs witnessed plus-side performance on average, rising 3.25% and 2.01%, respectively, on a net-asset-value (NAV) basis for April.
- For April 19% of all CEFs traded at a premium to their NAV, with 12% of equity funds and 23% of fixed income funds trading in premium territory. Thomson Reuters Lipper's national municipal debt CEFs macro-group witnessed the largest narrowing of discounts for the month—139 basis points (bps) to 1.15%.
- For the first month in 11 the High Yield Leveraged CEFs classification (+4.27%) posted the strongest return in the fixed income CEF universe.
- Strengthening oil prices and better-than-feared earnings reports helped catapult the domestic equity CEFs macro-group (+4.64%) to the top of the charts for the month, with the Energy MLP CEFs classification (+18.15%) posting the strongest return in the CEFs universe. Mixed-equity CEFs rose 1.65% and world equity CEFs gained 1.23% for the month.
- The Natural Resources CEFs classification (+9.79%) posted the second strongest return of the CEFs universe for April.

Authored by:
TOM ROSEEN
HEAD OF RESEARCH SERVICES
LIPPER, DENVER

THOMSON REUTERS

For April the dollar weakened against the euro (-0.54%), the pound (-1.58%), and the yen (-5.38%). Commodities prices rose for the month, with near-month gold prices rising 4.46% to close April at $1,289.20/ounce. Front-month crude oil prices rose 19.77% to close the month at $45.92/barrel.

For the month 93% of all CEFs posted NAV-based returns in the black, with 84% of equity CEFs and 100% of fixed income CEFs chalking up returns in the plus column. Strengthening oil prices and better-than-feared earnings reports helped catapult Thomson Reuters Lipper's domestic equity CEFs macro-group (+4.64%) to the top of the leader board for the second month in three, followed by mixed-equity CEFs (+1.65%) and world equity CEFs (+1.23%).

The sharp rise in oil prices during the month helped keep Lipper's Energy MLP CEFs classification (+18.15%, the CEF leader for the second month in a row) at the top of the equity universe charts. It was followed closely by Natural Resources CEFs (+9.79%) and Sector Equity CEFs (+4.59%). Pacific ex-Japan CEFs (-0.10%) and Real Estate CEFs (+0.10%) were the relative laggards of the equity CEFs universe for April. For the remaining equity classifications returns ranged from 0.39% (Options Arbitrage/Options Strategies CEFs) to 2.51% (Convertible Securities CEFs).

Fourteen of the 15 top-performing individual equity CEFs were housed in Lipper's Energy MLP CEFs classification. At the top of the charts **Nuveen All Cap Energy MLP Opportunities Fund (JMLP**, the top performer for the second consecutive month) jumped 27.86% on a NAV basis and traded at an 8.61% premium on April 29. It was followed by **ASA Gold & Precious Metals Limited (ASA**, housed in the Sector Equity CEFs classification), posting a 25.72% return and traded at an 11.11% discount at month-end; **Salient Midstream & MLP Fund (SMM),** gaining 25.23% and traded at a 9.44% discount on April 29; **Duff & Phelps Select Energy MLP Fund Inc. (DSE),** rising 24.73% and traded at a 9.84% premium at month-end, and **Kayne Anderson Midstream/Energy Fund, Inc. (KMF),** gaining 24.63% on a NAV basis and traded at a 0.52% premium on April 29.

For the month the dispersion of performance in individual equity CEFs—ranging from minus 5.57% to positive 27.86%—was wider than March's spread and more negatively skewed. The 20 top-performing equity CEFs posted returns at or above 15.06%, while the 20 lagging equity CEFs were at or below minus 1.19%. Only 40 CEFs in the equity universe posted negative returns for the month. Two of the five worst performing funds were housed in the Options Arbitrage/Options Strategies CEFs classification; **Columbia Seligman Premium Technology Growth, Inc. (STK)** was at the bottom of the pile. STK shed 5.58% of its March-closing

CLOSED-END FUNDS LAB

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

	NAV RETURNS	PREMIUM/DISCOUNT		NOW TRADING AT	
	POSITIVE	BETTER	WORSE	PREMIUM	DISCOUNT
Equity Funds	84	63	33	12	88
Bond Funds	100	52	36	23	76
ALL CEFs	**93**	**63**	**35**	**19**	**81**

TABLE 2 AVERAGE NAV RETURNS, SELECTED PERIODS (%)

	APRIL	YTD	3-MONTH	CALENDAR-2015
Equity Funds	3.25	3.83	10.41	-7.95
Bond Funds	2.01	4.15	4.25	1.27
ALL CEFs	**2.54**	**4.01**	**6.91**	**-2.62**

TABLE 3 NUMBER OF IPOs, SELECTED 12-MONTH PERIODS

	APRIL 2016	CALENDAR-2015
ALL CEFs	**10**	**24**

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

3 MONTHS THROUGH 3/31/2016	197
COMPARABLE YEAR-EARLIER 3 MONTHS	411
CALENDAR 2015 AVERAGE	381

Source: Thomson Reuters Lipper

NAV price and traded at a 4.61% premium at the end of April. **Taiwan Fund, Inc. (TWN**, warehoused in the Emerging Markets CEFs classification) posted the next poorest return in the equity universe, declining 3.47%. TWN traded at a 12.94% discount on April 29.

Treasury yields rose at the beginning of the month after equity investors cheered a better-than-expected nonfarm payrolls report and earnings. However, after the Fed left its key lending rate unchanged at its April meeting, citing concerns of low domestic inflation, slowing global economic growth, and uncertainty related to the “Brexit” vote in June, investors took a more risk-off approach toward month-end. Once again, the yield curve ended the month fairly close to where it began, with the ten-year yield rising just 5 bps to 1.83%. For the second consecutive month domestic taxable bond CEFs (+2.99%) witnessed a plus-side return on average, while municipal bond CEFs (+1.16%) chalked up their tenth consecutive month of positive returns. For the third month in a row world income CEFs (+2.71%) were in the black on average—helped again by a strong return from Emerging Markets Debt CEFs (+3.27%) and Global Income CEFs’ (+2.35%) once again posting a return in the upper third of the fixed income CEF universe.

With a weakening U.S. dollar, a rise in oil prices, and a strengthening equity market, High Yield (Leveraged) CEFs’ strong performance (+4.27%) helped catapult the domestic taxable bond CEFs macro-group (+2.99%) to the top of the fixed income universe for the first month in 11.

Except for some late-month safe-haven purchases, investors once again took a more risk-on approach during the month, keeping March’s domestic leaders at the top of the charts for April: High Yield CEFs (+3.43%), General Bond CEFs (+2.84%), and Loan Participation CEFs (+2.68%). U.S. Mortgage CEFs (+1.31%) was the relative laggard of the group, bettered by Corporate Debt BBB-Rated CEFs (+1.75%).

For the ninth month in ten all of Lipper’s municipal debt CEF classifications posted plus-side returns. General & Insured Municipal Debt CEFs (Leveraged) (+1.27%) was the leader of the group, while General & Insured Municipal Debt CEFs (Unleveraged) (+0.76%) was the relative laggard. National municipal debt CEFs (+1.17%) outpaced their single-state municipal debt CEFs counterparts (+1.15%) by just 2 bps.

The five top-performing individual CEFs in the fixed income universe were housed in Lipper’s High Yield (Leveraged) CEFs classification. At the top of the group was **NexPoint Credit Strategies Fund (NHF),** returning 10.71% and traded at a 14.35% discount on April 29. NHF was followed by **Avenue Income Credit Strategies Fund (ACP),** returning 7.66% and traded at a 13.86% discount at month-end; **Pacholder High Yield Fund, Inc (PHF),** tacking 6.68% onto its March month-end value and traded at a 9.32% discount on April 29; **Western Asset High Income Fund II Inc. (HIX),** posting a 5.85% return and traded at a 3.09% discount at month-end; and **Western Asset Middle Market Income Fund Inc. (WMF,** a hybrid interval CEF, closed to new investors), returning 5.79%.

For the remaining funds in the fixed income CEFs universe monthly NAV-basis performance ranged from minus 0.30% for **504 Fund (XPNNX,** a hybrid interval fund housed in Lipper’s Loan Participation CEFs classification) to 5.64% for **Nuveen Global High Income Fund (JGH,** housed in Lipper’s High Yield CEFs classification), which traded at a 13.43% discount at month-end. The 20 top-performing fixed income CEFs posted returns at or above 4.60%, while the 20 lagging CEFs were at or below 0.59%. Only one fixed income CEF witnessed negative performance for April.

PREMIUM AND DISCOUNT BEHAVIOR

For April the median discount of all CEFs narrowed 59 bps to 6.57%—better than the 12-month moving average discount (9.30%). Equity CEFs’ median discount narrowed 19 bps to 10.83%, while fixed income CEFs’ median discount narrowed 72 bps to 4.52%. National municipal debt CEFs’ median discount witnessed the largest narrowing in the CEFs universe, 139 bps to 1.15%, while High Yield CEFs witnessed the largest widening of discounts—75 bps to 9.06%.

For the month 63% of all funds’ discounts or premiums improved, while 35% worsened. In particular, 63% of equity funds and 52% of fixed income funds saw their individual discounts narrow, premiums widen, or premiums replace discounts. The number of funds traded at premiums on April 29 (101) was 12 more than on March 31.

CEF EVENTS AND CORPORATE ACTIONS

IPOs

There were no new CEFs in April.

RIGHTS, REPURCHASES, TENDER OFFERS

Investors have until May 26 to participate in tender offers for **The Zweig Fund (ZF)** and **The Zweig Total Return Fund (ZTR).** Each fund commenced a tender offer for up to 15% of its outstanding shares at 98% of NAV. If more than 15% of shares are tendered, shares will be purchased on a pro rata basis. In connection with the tender offers, each fund has temporarily suspended its open-market share repurchase program until about ten business days after the tender offers end. The discount on ZF narrowed from 11.1% to 8.4% in April; ZTR's was similar.

Directors of **Franklin Limited Duration Income Trust (FTF)** approved a share repurchase program for up to 10% of the fund's common shares in open-market transactions, at the discretion of management. In addition, a nine-month discount measurement period will commence June 1 and will end March 31, 2017. If the fund's shares trade at a discount of 10% or more during the last 90 days of the measurement period, the board will either authorize a tender offer, propose a merger with another open- or closed-end fund, or offer to convert the fund to an open-end fund. The discount on FTF fell from 8.4% to 7.9% for the month.

Final results of the tender offer for up to 8,000 (2.5%) of **Western Asset Middle Market Income Fund (NYSE:WMF)** common shares showed 16,981 shares were tendered; accordingly, the fund purchased 47% of the tendered shares on a pro rata basis at $668.55 each.

MERGERS AND REORGANIZATIONS

Shareholders of **Fort Dearborn Income Securities (NYSE: FDI)** approved the fund's reorganization into the Class P shares of a newly created open-end mutual fund, **UBS Total Return Bond Fund (UTBPX).** The reorganization is currently scheduled for May 20. Effective May 23 (the first business day following the reorganization), UTBPX shareholders may redeem their shares at NAV, subject to a temporary 2% redemption fee, until August 22, 2016. The discount on FDI remained at a steady 2.0% for much of April.

OTHER

Strategic Global Income Fund (NYSE:SGL) announced further information regarding the liquidation of the fund. While a final liquidating distribution date is not yet firm, it is likely to be no later than May 25, 2016. The directors have established a "cessation date" of May 18, after which the fund's common shares will not be transferable and trading on the New York Stock Exchange will cease. SGL's discount dropped slightly from 1.6% to 1.1% in April.

Goldman Sachs MLP Income Opportunities Fund (GMZ) and Goldman Sachs MLP and Energy Renaissance Fund (NYSE: GER) have amended their dividend reinvestment plans effective April 15, 2016.

At a special meeting held April 21, 52% of the shareholders of **Managed High Yield Plus Fund (NYSE: HYF)** voted to liquidate the fund. A date for the final liquidating distribution will be announced, but it is likely to be no later than June 29, 2016. HYF's discount narrowed from 3.3% to 1.6% for the month.

Authored by:

JEFF TJORNEHOJ

HEAD OF LIPPER AMERICAS RESEARCH LIPPER, DENVER

CEF Performance Statistics

LIPPER

Lipper Classification	Average 1Mo NAV Chg	Average 1Mo Mkt Chg	Average Apr P/D	Average Mar P/D	Average 1 Mo P/D chg	Average YTD NAV Change	Average YTD Mkt Change	Average YTD P/D Change (%)
California Municipal Debt Funds	0.8%	1.1%	0.02	0.02	0.4%	1.9%	5.4%	3.4%
Convertible Securities Funds	1.9%	2.2%	-0.11	-0.11	0.2%	-1.7%	0.2%	1.7%
Core Funds	0.7%	3.1%	-0.09	-0.10	1.7%	-2.2%	-1.8%	1.1%
Corporate BBB-Rated Debt Funds(Leveraged)	1.4%	1.0%	-0.08	-0.08	-0.4%	3.0%	5.1%	1.8%
Corporate Debt Funds BBB-Rated	1.2%	0.7%	-0.04	-0.04	-0.6%	2.9%	3.9%	0.9%
Developed Market Funds	0.6%	0.3%	-0.13	-0.13	-0.3%	-0.3%	-2.0%	-1.5%
Emerging Markets Funds	1.6%	1.9%	-0.12	-0.13	0.3%	6.7%	6.9%	0.0%
Emerging Mrkts Hard Currency Debt Funds	2.8%	3.5%	-0.12	-0.13	0.7%	6.5%	9.3%	2.3%
Energy MLP Funds	17.0%	17.5%	-0.04	-0.04	0.3%	3.7%	7.6%	3.4%
General & Insured Muni Debt Funds (Leveraged)	0.8%	2.0%	-0.01	-0.02	1.2%	2.0%	6.2%	3.9%
General & Insured Muni Fds (Unleveraged)	0.4%	-1.0%	0.00	0.01	-1.4%	1.5%	1.6%	0.1%
General Bond Funds	2.3%	2.0%	-0.03	-0.03	0.0%	0.9%	5.5%	4.1%
Global Funds	0.8%	0.8%	-0.12	-0.12	0.0%	-1.7%	-0.2%	1.1%
Global Income Funds	1.6%	2.6%	-0.06	-0.07	0.9%	1.7%	4.8%	2.9%
Growth Funds	1.7%	0.2%	-0.11	-0.11	0.2%	-0.5%	-11.4%	-2.6%
High Yield Funds	2.8%	2.0%	-0.07	-0.06	-1.0%	2.7%	2.7%	-0.1%
High Yield Funds (Leveraged)	3.6%	3.4%	-0.08	-0.08	-0.1%	3.4%	6.3%	2.4%
High Yield Municipal Debt Funds	0.6%	0.9%	0.01	0.01	0.3%	1.6%	5.5%	3.8%
Income & Preferred Stock Funds	0.7%	2.1%	-0.04	-0.05	1.2%	0.2%	5.0%	4.3%
Intermediate Municipal Debt Funds	0.6%	1.2%	-0.02	-0.02	0.6%	1.7%	3.7%	1.9%
Loan Participation Funds	2.2%	1.5%	-0.09	-0.09	-0.7%	2.4%	3.0%	0.2%
Natural Resources Funds	9.0%	9.8%	-0.10	-0.12	0.7%	10.6%	11.4%	1.3%
New Jersey Municipal Debt Funds	0.8%	1.4%	-0.03	-0.04	0.6%	2.1%	7.7%	5.1%
New York Municipal Debt Funds	0.8%	2.7%	0.00	-0.02	1.8%	1.8%	6.1%	4.0%
Options Arbitrage/Opt Strategies Funds	0.1%	-0.6%	-0.04	-0.04	-0.1%	-2.9%	-3.1%	0.7%
Other States Municipal Debt Funds	0.7%	2.0%	-0.01	-0.03	1.2%	2.0%	6.4%	4.0%
Pacific Ex Japan Funds	-0.1%	0.1%	-0.12	-0.12	0.4%	3.1%	4.6%	1.2%
Pennsylvania Municipal Debt Funds	0.7%	2.8%	-0.05	-0.07	1.8%	1.8%	8.6%	5.9%
Real Estate Funds	-0.1%	0.4%	-0.12	-0.13	1.3%	0.5%	4.1%	0.7%
Sector Equity Funds	4.0%	6.6%	-0.05	-0.07	1.9%	4.8%	8.5%	3.1%
U.S. Mortgage Funds	0.6%	1.5%	-0.03	-0.04	0.8%	-1.8%	2.1%	4.2%
Utility Funds	1.5%	2.2%	-0.07	-0.08	0.6%	8.4%	10.2%	1.5%
Value Funds	1.1%	2.6%	-0.11	-0.13	1.3%	2.5%	4.3%	1.6%

Top 5 Performing CEFs

LIPPER

Fund Name	Category	Ticker Symbol	1-Month NAV Change	Rank
ASA Gold & Prec Met Ltd	Sector Equity Funds	ASA	25.7%	1
Salient Midstream & MLP	Energy MLP Funds	SMM	25.2%	2
Duff & Phelps Sl En MLP	Energy MLP Funds	DSE	24.7%	3
Nuveen AC Engy MLP Opps	Energy MLP Funds	JML	23.4%	4
Goldman Sachs MLP&En Ren	Energy MLP Funds	GER	23.3%	5

Fund Name	Category	Ticker Symbol	Year-to-Date NAV Change	Rank
ASA Gold & Prec Met Ltd	Sector Equity Funds	ASA	83.7%	1
Aberdeen Latin America	Emerging Markets Funds	LAQ	28.9%	2
Latin American Discovery	Emerging Markets Funds	LDF	24.3%	3
Central Fund of Canada	Sector Equity Funds	CEF	23.8%	4
Turkish Investment Fund	Emerging Markets Funds	TKF	22.9%	5

Fund Name	Category	Ticker Symbol	1-Month Market Change	Rank
Duff & Phelps Sl En MLP	Energy MLP Funds	DSE	39.8%	1
ASA Gold & Prec Met Ltd	Sector Equity Funds	ASA	32.8%	2
Nuveen AC Engy MLP Opps	Energy MLP Funds	JML	30.2%	3
Kayne Anderson Mstr/Engy	Energy MLP Funds	KMF	26.2%	4
GAMCO Gl Gld NR & Inc	Sector Equity Funds	GGN	25.7%	5

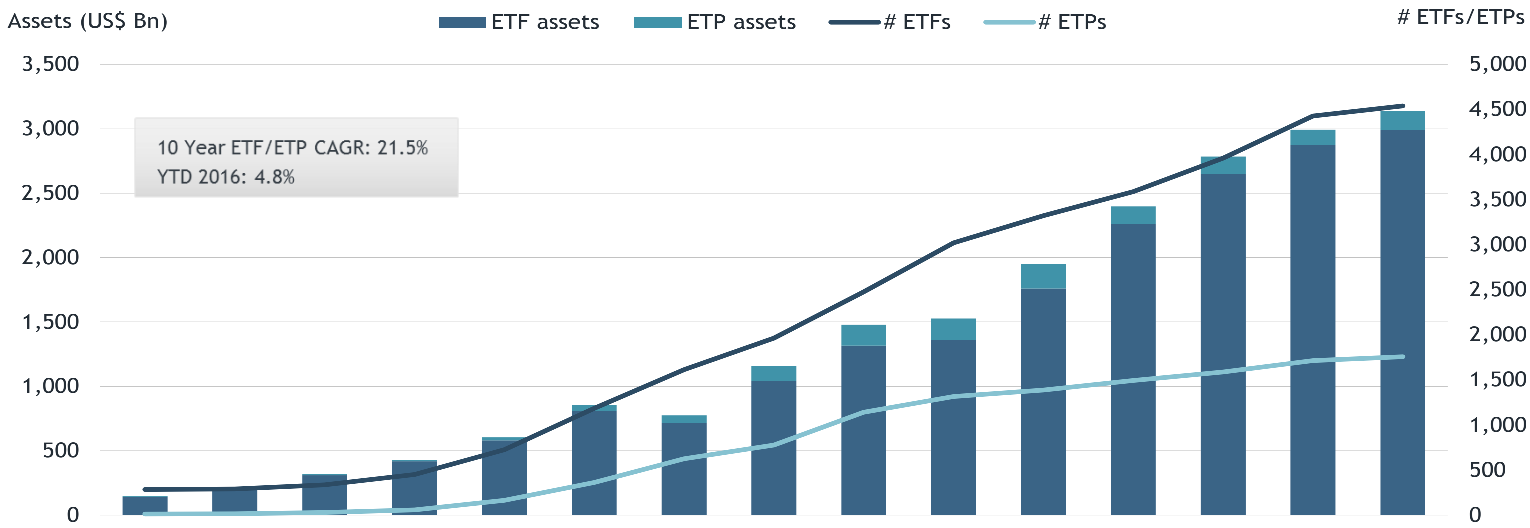
Fund Name	Category	Ticker Symbol	Year-to-Date Market Change	Rank
ASA Gold & Prec Met Ltd	Sector Equity Funds	ASA	89.7%	1
GAMCO Gl Gld NR & Inc	Sector Equity Funds	GGN	49.3%	2
Central Fund of Canada	Sector Equity Funds	CEF	31.3%	3
GAMCO NR Gld & Inc Tr	Sector Equity Funds	GNT	28.8%	4
Self Storage Group	Real Estate Funds	SELF	28.5%	5

Fund Name	Category	Ticker Symbol	1-Month P/D Change	Rank
GAMCO Gl Gld NR & Inc	Sector Equity Funds	GGN	14.5%	1
Duff & Phelps Sl En MLP	Energy MLP Funds	DSE	11.8%	2
Cornerstone Strat Value	Core Funds	CLM	9.6%	3
Tortoise Energy Inf Corp	Energy MLP Funds	TYG	8.8%	4
Cornerstone Total Return	Core Funds	CRF	6.4%	5

Fund Name	Category	Ticker Symbol	Year-to-Date P/D Change	Rank
PIMCO Gl StksPLUS & Inc	Options Arbitrage/Opt Strategies Funds	PGP	27.0%	1
RENN Fund	Global Funds	RCG	26.4%	2
PIMCO High Income	General Bond Funds	PHK	24.3%	3
GAMCO Gl Gld NR & Inc	Sector Equity Funds	GGN	22.0%	4
Duff & Phelps Sl En MLP	Energy MLP Funds	DSE	18.3%	5

Global ETF and ETP asset growth as at end of April 2016

At the end of April 2016, the Global ETF industry had 4,540 ETFs, with 9,686 listings, assets of US$2.989 trillion, from 250 providers on 63 exchanges. At the end of April 2016, the Global ETF/ETP industry had 6,297 ETFs/ETPs, with 12,126 listings, assets of US$3.138 trillion, from 283 providers on 65 exchanges in 51 countries.



Year	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	Apr-16
# ETFs	284	289	335	451	725	1,184	1,614	1,963	2,475	3,021	3,323	3,588	3,961	4,427	4,540
# ETFs/ETPs	296	304	365	507	888	1,544	2,238	2,741	3,617	4,337	4,710	5,081	5,550	6,141	6,297
ETF assets	142	212	310	417	580	807	716	1,042	1,315	1,359	1,759	2,260	2,649	2,874	2,989
ETF/ETP assets	146	218	319	426	603	857	774	1,158	1,478	1,526	1,949	2,398	2,784	2,993	3,138

Summary for ETFs/ETPs: Global

Assets invested in ETFs/ETPs listed globally reached a new record high US$3.137 trillion at the end of April 2016, according to preliminary data from ETFGI's April 2016 global ETF and ETP industry insights report.

Record levels of assets were also reached at the end of April for ETFs/ETPs listed in the United States at US$2.217 trillion, in Canada US$77.42 billion, in Europe US$533.34 billion, in Japan US$145.93 billion and in Asia Pacific ex-Japan which reached US$125.21 billion.

At the end of April 2016, the Global ETF/ETP industry had 6,297 ETFs/ETPs, with 12,126 listings, assets of US$3.137 trillion, from 283 providers listed on 65 exchanges in 51 countries.

"Following a strong market performance in March the S+P 500 Index was up to just 0.39% in April. Developed markets ex-US were up 3.20%, while emerging markets ended up 1.05%. The S+P GSCI commodity index was up 10.14% in April. There is still a significant amount of uncertainty in the markets due to the upcoming Brexit vote, the US election, the efficacy and future of QE programs around the world." according to Deborah Fuhr, managing partner at ETFGI.

In April 2016, ETFs/ETPs listed globally gathered net inflows of US$10.13 Bn this marks the 27th consecutive month of net inflows. Fixed income ETFs/ETPs gathered the largest net inflows with US$7.73 Bn, followed by equity ETFs/ETPs with US$2.39 Bn, while commodity ETFs/ETPs experienced net outflows with US$136 Mn.

YTD through end of April 2016, ETFs/ETPs have seen net inflows of US$79.402 Bn. YTD record level of net new assets have been gathered by fixed income ETFs/ETPs with US$48.66 Bn, Commodity ETFs/ETPs with US$14.425 Bn, leveraged inverse ETFs/ETPs with US$4.67 Bn with inverse ETFs/ETPs with US$2.39 Bn.

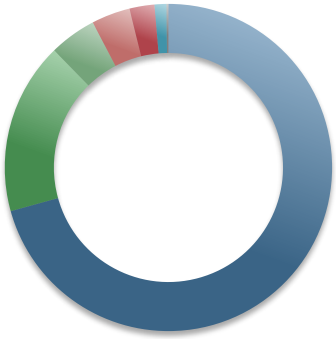
In April iShares gathered the largest net ETF/ETP inflows in April with US$6.01 Bn, followed by Vanguard with US$5.98 Bn and ProShares with US$1.18 Bn in net inflows.

Source: ETFGI data sourced from ETF/ETP sponsors, exchanges, regulatory filings, Thomson Reuters/Lipper, Bloomberg, publicly available sources, and data generated by our in-house team.
Note: "ETFs" are typically open-end index funds that provide daily portfolio transparency, are listed and traded on exchanges like stocks on a secondary basis as well as utilising a unique creation and redemption process for primary transactions. "ETPs" refers to other products that have similarities to ETFs in the way they trade and settle but they do not use a mutual fund structure. The use of other structures including grantor trusts, partnerships, notes and depositary receipts by ETPs can create different tax and regulatory implications for investors when compared to ETFs which are funds.

Global ETF/ETP Assets Summary

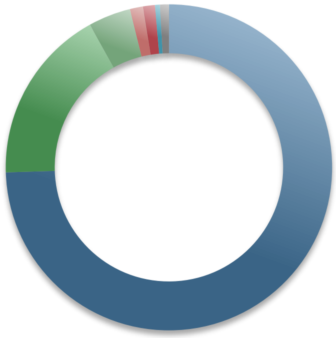
etfgi.com

ETF/ETP assets by region listed



Region	# ETFs/ ETPs	Assets (US$ Bn)	% total
US	1,884	$2,217.8	70.7%
Europe	2,197	$533.9	17.0%
Japan	171	$145.9	4.7%
Asia Pacific (ex-Japan)	826	$119.8	3.8%
Canada	410	$77.4	2.5%
Middle East and Africa	764	$36.6	1.2%
Latin America	45	$6.1	0.2%
Total	**6,297**	**$3,137.6**	**100.0%**

ETF/ETP assets by asset class



Asset class	# ETFs/ ETPs	Assets (US$ Bn)	% total
Equity	3,441	$2,337.9	74.5%
Fixed Income	914	$547.5	17.5%
Commodities	685	$131.6	4.2%
Leveraged	371	$40.6	1.3%
Active	261	$37.2	1.2%
Leveraged Inverse	184	$15.4	0.5%
Others	441	$27.4	0.9%
Total	**6,297**	**$3,137.6**	**100.0%**

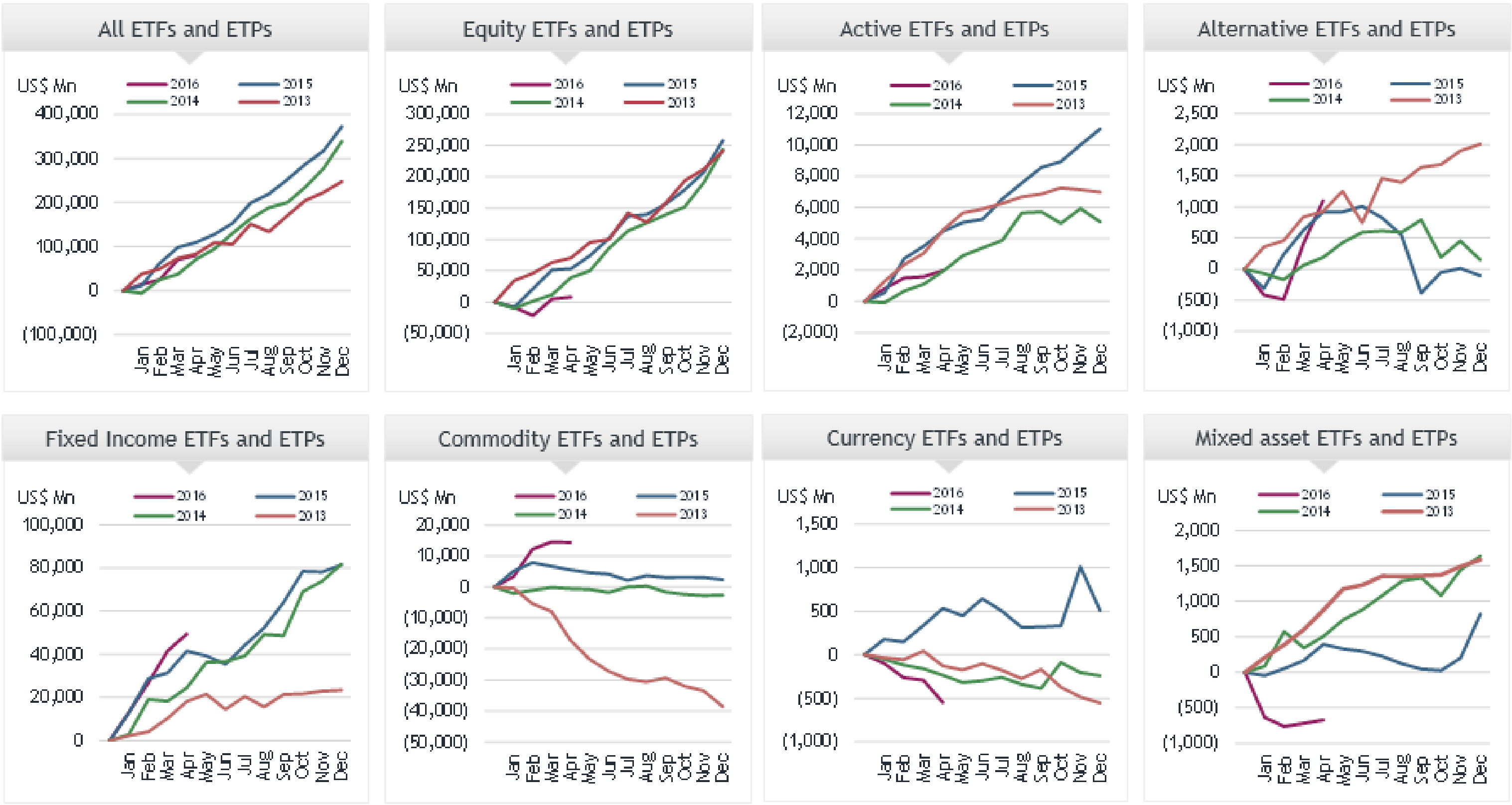
ETF/ETP assets by product structure

Asset class	# ETFs/ ETPs	Assets (US$ Bn)	% total
ETF	4,540	$2,988.9	95.3%
ETP	1,757	$148.6	4.7%
Total	**6,297**	**$3,137.6**	**100.0%**

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

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

YTD 2016 vs 2015, 2014, 2013 ETF and ETP net new assets by asset class: Global



ETFs and ETPs listed globally gathered net inflows of $10,645 Mn in April. Year to date, net inflows stand at $80,635 Mn. At this point last year there were net inflows of $109,494 Mn.

Equity ETFs/ETPs saw net inflows of $2,916 Mn in April, bringing year to date net inflows to $7,934 Mn, which is less than the net inflows of $53,409 Mn over the same period last year.

Fixed income ETFs and ETPs experienced net inflows of $7,737 Mn in April, growing year to date net inflows to $49,361 Mn, which is greater than the same period last year which saw net inflows of $41,495 Mn.

Commodity ETFs/ETPs saw net outflows of $136 Mn in April. Year to date, net inflows are at $14,425 Mn, compared to net inflows of $5,584 Mn over the same period last year.

Actively managed products saw net inflows of $397 Mn in April, bringing year to date net inflows to $1,975 Mn, which is less than the net inflows of $4,497 Mn over the same period last year.

Products tracking alternative indices experienced net inflows of $693 Mn in April, growing year to date net inflows to $1,096 Mn, which is greater than the same period last year which saw net inflows of $916 Mn.

Currency products saw net outflows of $253 Mn in April. Year to date, net outflows are at $547 Mn, compared to net inflows of $534 Mn over the same period last year.

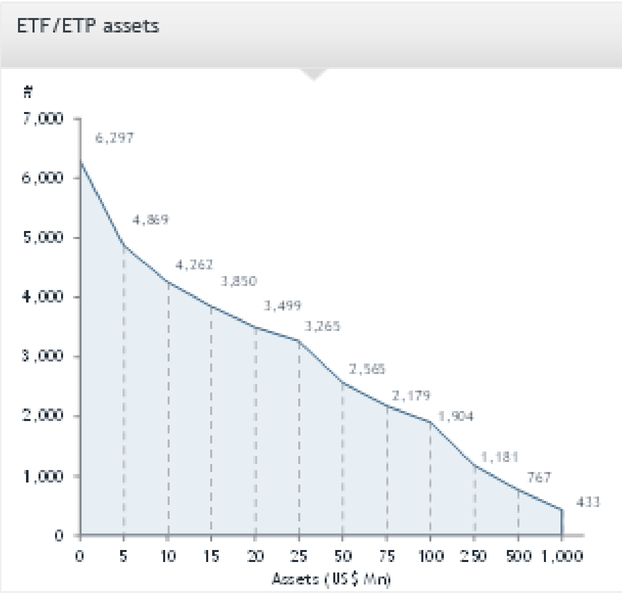
Products holding more than one asset class saw net inflows of $50 Mn in April, bringing year to date net outflows to $671 Mn, which is less than the net inflows of $395 Mn over the same period last year.

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

ETF/ ETP Distribution and Benchmarks

etfgi.com

Distribution of ETFs/ETPs by size



Assets greater than (US$ Mn)	# ETFs/ ETPs	% total	Total assets (US$ Bn)	% total
0	6,297	100.0%	3,132	100.0%
5	4,869	77.3%	3,129	99.9%
10	4,262	67.7%	3,124	99.8%
15	3,850	61.1%	3,119	99.6%
20	3,499	55.6%	3,113	99.4%
25	3,265	51.9%	3,108	99.2%
50	2,565	40.7%	3,083	98.4%
75	2,179	34.6%	3,059	97.7%
100	1,904	30.2%	3,036	96.9%
250	1,181	18.8%	2,918	93.2%
500	767	12.2%	2,771	88.5%
1,000	433	6.9%	2,538	81.0%

433 ETFs/ETPs have greater than US$1 Bn in assets, while 1,904 have greater than US$100 Mn in assets and 2,565 have greater than US$50 Mn in assets. The 433 ETFs/ETPs with greater than US$1 Bn in assets hold a combined total of US$2,538 Bn, or 81.0%, of Global ETF/ETP assets.

ETF/ETP underlying benchmarks: developed equity

Top 20 by assets

Name	Assets (US$ Mn) Apr-16	NNA (US$ Mn) Apr-16	NNA (US$ Mn) YTD 2016
S&P 500 Index	356,880	2,001	5,115
MSCI EAFE Index	78,176	(464)	(225)
Nikkei 225 Index	68,162	(2,204)	4,160
CRSP US Total Market Index	59,290	270	1,298
TOPIX Index	55,668	(1,060)	2,511
S&P Mid Cap 400 Index	43,781	362	(510)
NASDAQ 100 Index	40,886	(1,502)	(4,383)
EURO STOXX 50 Index	35,333	(1,398)	(2,299)
MSCI US REIT Index	30,215	593	2,027
Russell 1000 Growth Index	29,691	(294)	(2,128)
MSCI Japan Index	29,050	(2,350)	(5,442)
Russell 2000 Index	27,799	533	(655)
Russell 1000 Value Index	27,174	(202)	(1,337)
MSCI World Index	21,565	(180)	848
NASDAQ Dividend Achievers Select Index	20,633	98	562
CRSP US Large Cap Growth Index	20,426	62	(126)
CRSP US Large Cap Value Index	20,367	263	1,145
DAX Index	20,278	(902)	(1,523)
S&P US 600 Small Cap Index	18,124	358	310
MSCI EMU index	17,445	(1,050)	(3,216)

Top 20 by monthly net inflows

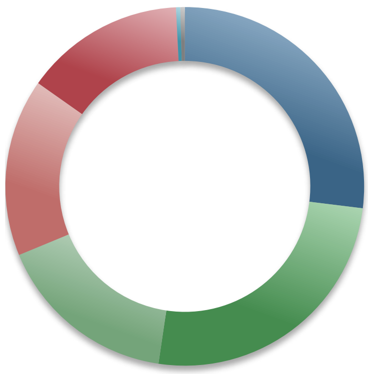
Name	Assets (US$ Mn) Apr-16	NNA (US$ Mn) Apr-16	NNA (US$ Mn) YTD 2016
MSCI Emerging Markets Index	38,757	1,645	4,807
MSCI Emerging Markets Investable Market Index	13,472	790	1,511
FTSE Emerging Markets Index	36,234	474	(176)
MSCI Emerging Markets Asia Index	1,902	217	279
MSCI Brazil 25-50 USD Index	3,424	208	632
MSCI Emerging Markets Minimum Volatility Index	3,961	197	710
CSI 300 Index	13,606	159	1,285
CSI 500 Index	3,512	146	338
ChiNext Index	897	125	328
FTSE All World All Emerging Index	1,713	63	123
S&P Latin America 40 Index	789	57	81
COLCAP Index	770	56	137
MSCI Malaysia Index	429	49	134
MSCI EM Latin America Index	278	47	73
MSCI India Index	5,782	46	(98)
MSCI Turkey Investable Market Index	439	46	59
FTSE RAFI Emerging Market Index	486	45	68
CSI Overseas China expenses Internet Index	218	42	48
MSCI China H Index	117	39	50
Wisdom Tree India Earnings Index	1,521	31	(26)

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.

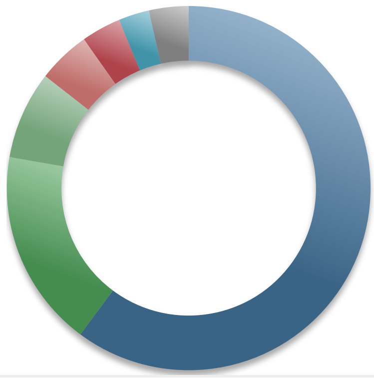
etfgi.com

YTD ETF/ETP product launches

ETFs/ETPs by region listed



ETFs/ETPs by asset class



ETFs/ETPs by product structure

Region	# ETFs/ETPs	% total
US	69	27.0%
Europe	65	25.4%
Asia Pacific (ex-Japan)	42	16.4%
Middle East and Africa	41	16.0%
Canada	37	14.5%
Latin America	1	0.4%
Japan	1	0.4%
Total	**256**	**100.0%**

Asset class	# ETFs/ETPs	% total
Equity	154	60.2%
Fixed income	45	17.6%
Active	20	7.8%
Leveraged	12	4.7%
Mixed	9	3.5%
Inverse	7	2.7%
Others	9	3.5%
Total	**256**	**100.0%**

Structure	# ETFs/ETPs	% total
ETF	192	75.0%
ETP	64	25.0%
Total	**256**	**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.

FitchRatings

Fitch: US Closed-End Funds Remain Cautious on Puerto Rico

May 5, 2016

Authored by:
Brian Knudsen
+1 646 5824904

Chelsea Nguyen
+1 646 5824904

Puerto Rico's recent default on debt issued by the Governmental Development Bank (GDB) does not negatively affect any Fitch-rated U.S. closed-end fund (CEFs) obligations as their exposures to Puerto Rico remain limited, according to Fitch Ratings. However, fund managers exhibit a willingness to take modest, opportunistic exposures even as risks remain as the prospect of a default on the general obligation (GO) payments due on July 1 increases.

Puerto Rico's continued fiscal challenges have driven many fund managers mostly out of investments in the commonwealth and Fitch-rated funds have completely divested from the GDB credit. Seventy-five Fitch-rated U.S. CEFs hold some exposure to Puerto Rico totaling $460 million, and averaging 1.7% of total portfolio market value as of March 31.

Over the past six months, some funds have used the price volatility as an opportunity to selectively add to their Puerto Rico holdings. In some cases, managers have increased portfolio allocations to Puerto Rico to as much as 10.3%, albeit primarily in insured bonds and bonds backed by corporate obligors. Managers of rated funds who have increased exposures have been net buyers of $38 million of Puerto Rico bonds since Nov. 30, 2015 across 19 funds.

Click here for complete reading

Rating Actions

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

- **Fitch Affirms Preferred Shares Issued by 47 BlackRock Closed-End Funds – April 27**
- **Fitch Affirms VMTP Shares Issued by 9 Invesco Closed-End Funds at 'AAA' – April 28**
- **Fitch Takes Rating Actions on Nuveen Fund VRDP Shares Upon Liquidity Provider Replacement – May 3**
- **Fitch Affirms Preferred Shares of Three Neuberger Berman Funds at 'AA' – May 12**
- **Fitch Affirms FMTP Shares Issued by MainStay DefinedTerm Municipal Opportunities Fund at 'AAA' – May 12**
- **Fitch Affirms Preferred Shares Issued by Two Federated Municipal Funds at 'AAA' – May 12**
- **Fitch Affirms DTF Tax-Free Income Inc. VMTP Shares at 'AAA' – May 12**
- **Fitch Affirms Preferred Shares of Two Deutsche Closed-End Funds at 'AAA' – May 12**
- **Fitch Affirms BlackRock Closed-End Fund VRDP Shares on Reorganization – May 16**

Sprott Gold Report: May 2016

May 2016

The month of April provided compelling evidence that the 2016 rally in the precious-metal complex is likely to prove durable. After spot gold posted its largest quarterly gain in over three decades (16.14%), bullion advanced an additional 4.89% in April, bringing year-to-date gains to 21.82%. Strong performance of gold equities boosted year-to-date gains (through April) for the Sprott Gold Miners ETF (SGDM) to 87.90%, and for the Sprott Junior Gold Miners ETF (SGDJ) to 98.71%.

We offer two observations about year-to-date advances in gold equities. First, given the 80%-plus declines in gold share averages from their September 2011 peaks through January 2016 lows, it is important to remember that the math of an 80% increase from such depressed levels still leaves gold-share indices some 65% below 2011 highs! Second, the three primary advances in gold shares since 2000 (as measured by the GDM Index in Figure 1), have averaged roughly three years in duration and measured (individually) 343% (Nov 00-Dec 03), 186% (May 05-Mar 08), and 310% (Oct 08-Sep 11). Should the unfolding rally in the gold complex reflect a similar concern for valuations of global financial assets as was prevalent during these three prior cycles of gold share advance, it would not be unreasonable to expect the current rally to display similar characteristics of scale and scope. As demonstrated by coincident performances of the S&P 500 Index during primary advances for gold shares since 2000 (Figure 1), a reallocation to gold shares from general U.S. equities seems a logical portfolio decision at this juncture.

Figure 1: Performance of GDM Index and S&P 500 during GDM Advances since 2000

Source: Bloomberg

In our view, the most compelling aspects of the gold investment thesis are long-term in nature. An investment in gold offers limited productivity in reacting to short-term events such as economic data releases or daily currency fluctuations, but holds dramatic potential in protecting portfolios from longer-term threats such as systematic monetary debasement or overvaluation of global financial assets. During the past several months, we believe investor consensus is beginning to recognize that many of gold's long-term investment merits are strengthening. Global central banks are resorting to increasingly "unconventional" measures. Negative interest rates are taking hold around the world. Valuations, breadth, and liquidity for many financial assets appear stretched. Correlations between asset classes are on the rise. Finally, increasing evidence of a stall in global economic growth suggests central banks will feel compelled to remain "looser for longer." All in all, it appears gold may be entering a powerful phase of its ongoing bull market.

Date	GDM	S&P 500
11/17/00	180.57	1367.72
12/02/03	799.50	1066.62
% Increase	+342.76%	-22.01%

Date	GDM	S&P 500
05/16/05	543.83	1165.69
03/14/08	1553.31	1288.14
% Increase	+185.62%	+10.50%

Date	GDM	S&P 500
11/27/08	450.32	848.92
09/08/11	1845.16	1085.90
% Increase	+309.74%	+39.70%

Click here for complete reading

Why blending active and passive strategies is right for investors

March 2016

Authored by:
Leo M. Zerilli, CIMA
Head of Investments
John Hancock Investments

Key takeaways

ƒIndex investing has produced numerous benefits for investors—and for the asset management industry at large.

ƒMany of the shortcomings in capitalization-weighted index strategies can be addressed with newer, strategic beta approaches.

ƒ Research suggests that many high active share strategies have outperformed over time, even after fees are taken into account.

ƒGiven investor needs and market complexity, the role of active strategies extends beyond beta to include objectives such as portfolio stability, deeper diversification, and niche alpha.

ƒ Blending active and passive strategies can help investors outperform and pursue other important objectives while still being mindful of cost and tax efficiency

Executive summary

The debate over whether investors should use active or passive strategies in their portfolios has traditionally been viewed through the lens of outperforming a narrow set of benchmarks. While performance is important, we believe this approach is ultimately not in the best interests of investors. At John Hancock Investments, we employ both active and passive approaches in our asset allocation portfolios because we believe each provides significant value to our shareholders. In this paper, we explore the advantages and drawbacks of each, and seek to provide guidance on how investors can be well served by blending the two in a portfolio.

Index investing has produced multiple benefits for investors

The growth of index-tracking funds and exchange-traded funds (ETFs) has forever altered the investment landscape for millions of Americans. From a mere 80 funds with a combined $66 billion in assets in 2000, ETFs have grown to represent nearly $2 trillion in assets invested across more than 1,400 funds on behalf of 5.2 million U.S. households. At the same time, the share of equity mutual fund assets represented by index funds has more than doubled, to nearly 20%, according to the Investment Company Institute.1

The use of these passive strategies has been most pronounced in market segments such as large-capitalization U.S. stocks, where market efficiency and the abundance of information about those stocks make outperforming a given benchmark more challenging. This makes perfect sense, and investors have voted with their dollars—so much so that funds tracking the large-cap S&P 500 Index represented a third of all index fund assets at the end of 2014.2 However, the index investing revolution has done more for investors than merely provide inexpensive market exposure, or beta, to U.S. large-cap stocks.

Lowered fund expenses for all funds

One of the unexpected benefits of index investing is the effect it has had on expenses across all funds. As index funds and ETFs have attracted a growing share of investor dollars since 2000, expenses paid by investors in all equity mutual funds have dropped by nearly 30%. This is due in part to investors flocking to lower-cost options; however, competition from passive strategies has also pressured providers to lower costs of actively managed funds, which fell by 19% on average across bond and stock funds over the past 15 years.2

Raised the performance bar for active managers

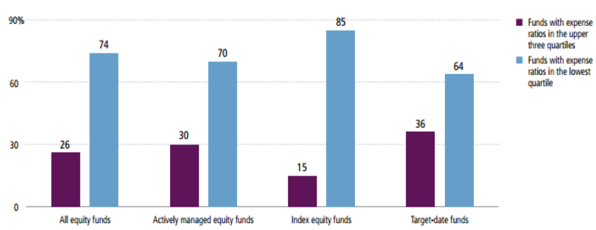
The rising popularity of passive strategies, along with the steady drumbeat of financial news coverage on the percentage of U.S. large-cap funds that underperform their benchmarks, has sent a clear message to active managers: Earn your fees, or else. As with the beneficial effect of fee competition, the focus on performance relative to passive strategies can only be good for investors, ensuring they get the value they expect for the fees they pay.

Refocused attention on investor outcomes

Apart from helping to lower fees and raise the bar on fund performance, competition that active strategies face from index funds and ETFs has refocused attention on investor outcomes, such as tax efficiency. Consider portfolio turnover, which creates higher expenses through trading costs. The asset-weighted average turnover rate among mutual funds has dropped to 43% from as high as 80% in the 1980s as more and more investors choose lower-turnover funds that generate fewer taxable distributions.1

Even among active managers, assets are concentrated in the lowest-cost options

Percentage of total net assets, 2014



Source: ICI, Lipper, 2015. Target-date funds data includes the full universe of such funds, which primarily invest in other underlying mutual funds. All other data excludes mutual funds of funds and variable annuities.

Click here for complete reading

China's economic stimulus: finally working, but for how long?

May 2016

Authored by:
Paul Diggle
Economist
Aberdeen Asset Management

We believe China's substantial monetary and fiscal stimulus is finally translating into stronger economic activity. Whether this boost is sustained, or fizzles out under the weight of the large structural imbalances in the Chinese economy, may be one of the defining features of this year's global economic and investment landscape.

China's economic stimulus started in late-2014, and continues into the present. On the monetary policy front, the People's Bank of China (PBoC) has cut benchmark lending rates from 6% to 4.35% over the period, and has lowered required reserve ratios – the share of consumer deposits that commercial banks are required to hold with the central bank – from 20% to 17%. Meanwhile, fiscal policy has also been loosened; increased government spending has led to a rise in the budget deficit as a share of gross domestic product (GDP) from 1.4% in 2014 to 3.1% in 2015, and this is likely to touch 5% over the next few years.* Policymakers have also enacted a range of ad hoc stimulus measures, such as relaxing property purchase regulations, adding liquidity to the equity market, and engineering a (ongoing) depreciation of the renminbi against a basket of other currencies.

This substantial stimulus package has been a response to the sharp slowdown in Chinese economic growth that began in late 2014 and continued throughout 2015. A certain amount of moderation in the pace of growth is to be expected as the country rebalances away from industrial and export-led activity towards services and consumption-led growth, but the slowdown has been far beyond that implied by rebalancing. While not obvious from the (widely mistrusted) headline GDP figures – which show growth moderating only very slightly, from 7.2% in 2014 to 6.9% in 2015 – other measures show activity slowing sharply in China over the past year. For example, industrial production declined by 2.0% and imports fell by 14.2% in 2015. We estimate that economic growth may have dipped as low as 5.0% last year.

In the first few months of 2016, however, there appears to have been something of a turnaround. The Purchasing Managers' Indices, which are survey-based measures of activity, have picked up; inflation has strengthened; and our own activity proxy has rebounded sharply. Indeed, after a long period tracking below the official GDP numbers, we believe economic growth may actually be above the official measure.

So is this upturn built to last?

There are good reasons to expect a resumption of last year's slow-down in economic activity. After all, deep structural imbalances in the Chinese economy remain – namely, a rapid build-up of private sector credit relative to GDP, leading to high share of non-performing loans in the banking system; overcapacity in the manufacturing sector leading to deflationary pressures; and strong house price appreciation leading to an excess supply of property. If anything, the stimulus efforts of the past 18 months may have exacerbated these imbalances by boosting credit growth, encouraging investment in overcapacity sectors, and further stoking house price inflation. These imbalances may offset the boost from stimulus by acting as a drag on economic growth, and in a worst-case scenario could trigger a 'hard landing' that leads to a rapid slowdown in Chinese growth.

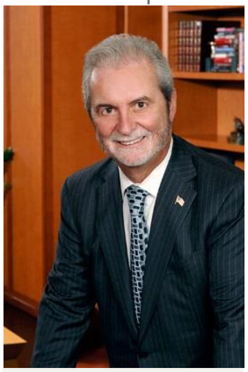
But the upturn in Chinese activity could prove more durable. Policymakers began adding stimulus to the economy 18 months ago, but it is only now that the effects are starting to show in the data. There is therefore another 18 months' worth of stimulus 'baked into the cake' that may continue to boost the Chinese economy. Historically, cycles of Chinese economic activity around longer-term trends appear to last for just over a year on average – again lending support to the view that the upturn could continue for a while yet. Finally, the 19th National Congress of the Communist Party of China will be held in the autumn of 2017, when up to five new members of the seven-person Politburo Standing Committee1 could be appointed. President Xi Jinping may seek a set of appointments that aids his own consolidation of power, a goal that would presumably be easier in an economic upturn. This argues for the continued use of policy stimulus to ensure a favorable economic backdrop until then.

Chinese growth concerns were a key trigger for the sharp fall in markets in August and September last year, and we believe were one factor that dissuaded the US Federal Reserve from hiking interest rates in September 2015. Those concerns returned again at the start of this year, when financial markets sold off sharply for a second time in the space of a few months. Surveys of investors regularly show a China hard landing as high on the list of worries. But with the first signs of China's substantial policy stimulus now showing in the economic data, the country may yet surprise markets to the upside this year.

Click here for complete reading

Economic Outlook

April 2016



Authored by:
John P. Calamos, Sr.
Founder, Chairman and Global CIO
Calamos Investments

Dramatic shifts in sentiment and positioning resulted in a highly volatile market in the first quarter. Investors had a multitude of issues to digest, including commodity price and dollar volatility, U.S. recessionary fears, and central bank monetary policy shifts. Our outlook is unchanged from the beginning of the year: We are cautiously optimistic, but expect volatility throughout the year.

Recent comments from the Fed and other central banks point to more coordinated action and fewer interest rate increases in 2016. This shift in policy has resulted in the dollar retreating from its highs and commodity prices rebounding from multi-year lows. Fortunately, as first quarter earnings announcements get underway, market expectations have been tempered, which should mitigate downward volatility. However, swings in market sentiment (Figure 1) show investors' inclination to make quick moves in response to data and uncertainties. In this environment, we believe:

- The U.S. is not facing an imminent recession, but the pace of economic growth will be modest, both in the U.S. and globally.
- Many factors are likely to fuel volatility throughout 2016, including Brexit, the U.S. presidential election, central bank policy shifts and global growth concerns.
- Conditions do not call for defensive positioning but warrant caution.
- In a slow growth environment, growth stocks remain attractive, but a weakening dollar and stimulative central bank policies have created select opportunities among cyclicals.

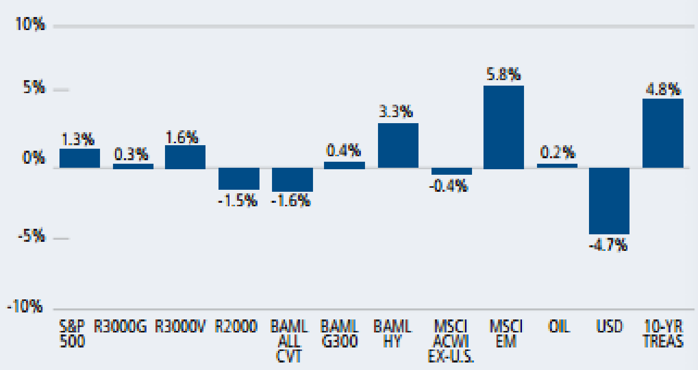
U.S. equities. While trends in employment and housing continue to support our view that the U.S. is not facing an imminent recession, we see a lack of fiscal policy, election uncertainty and constraints on entrepreneurship raising barriers to more robust economic growth in the U.S. Given our view of a slower growth and more volatile environment, we continue to favor growth companies but remain cognizant of the macro dynamics driving the rebound in cyclicals (dollar, oil and central bank reflation). As we have discussed in the past, when earnings growth is scarce, investors are more inclined to reward those companies that can achieve it.

Information technology, including companies related to the cloud, social media and semiconductors, remains a key theme, as does consumerism, particularly companies that are focused on entertainment and travel. We remain cautious on health care given upcoming elections but have invested selectively in areas such as services and animal health. While we maintain an overall emphasis on growth, we have identified select cyclical opportunities on a bottom up basis, including energy companies that we believe can better capitalize on supply/demand imbalances.

This positioning reflects our view that dramatic market shifts, such as the first quarter's rotation to low-quality stocks, are not sustainable. As we noted, investors crowded into a narrow group of growth stocks at the start of the year due to heightened fears of recession but as these fears subsided, investors moved very quickly into many of the most battered names. Figure 2a reveals the extreme nature of the market's response, as fundamental factor volatility rose to levels not seen since the financial crisis. As Figure 2b shows, the standard deviation of returns of a range of factors soared during a two-week period at the height of the cyclical rotation. There was a significant ramp up in the market's preference for companies with lower price-to-book ratios (P/Bs), with less concern about leverage levels and cash return on cash invested (CROCI). Short interest soared as investors shifted portfolios rapidly, and there were strong rebounds among last year's laggards.

FIGURE 1. 1Q RETURNS LARGELY OBSCURE THE MARKETS' TWISTS AND TURNS

In the first weeks of the year, investors maintained a risk-off stance and crowded into a narrow group of stocks. As the quarter progressed, increased confidence in the U.S. economy, the likelihood of fewer Fed increases, and stabilizing commodity prices fueled a rally in emerging markets, high yield, and value and cyclical stocks. Growth equities gained a better footing during the second half of March, when Chair Yellen's remarks called into question the strength of the global economy. Convertibles participated in the equity market's ups and downs, with U.S. convertibles continuing to reflect the performance of small and mid-cap growth issuers.



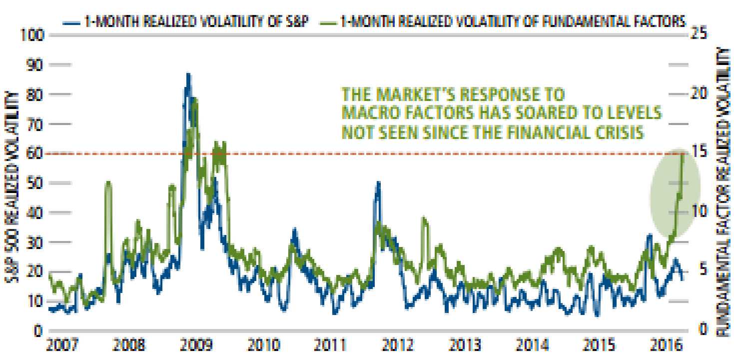
Past performance is no guarantee of future results.
Source: Bloomberg.

Europe. European equities struggled during the quarter, largely in sympathy with global growth concerns. In Europe, the challenges facing the banking industry are particularly concerning as banks face compounding headwinds: weak demand for loans, net margin pressures due to European Central Bank policy to repress interest rates, a continued regulatory overhang, and legacy nonperforming loan issues. The market's increasing recognition and concern over these headwinds resulted in meaningful volatility and underperformance of a variety of bank securities during the quarter, and we remain cautious on the group.

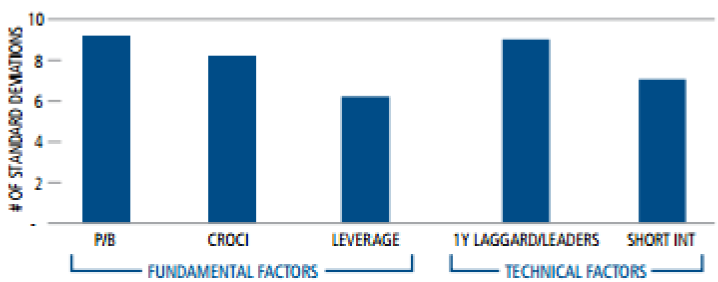
Europe's broader economic recovery continues at a tepid course, though several geopolitical flashpoints present risks this year, including the Brexit referendum and other elections, the ongoing refugee crisis, and the threat of terrorist attacks. Despite these headwinds, we are finding investment opportunities. Equity valuations are relatively attractive and monetary policy remains reflationary, while lower energy prices, interest rates, and currency should drive corporate earnings improvement in coming quarters. We remain constructive on real estate assets, particularly in Germany, given the current rate environment. However, monetary policy appears to have shifted recently from targeting the euro, so we are less constructive on some export-driven growth opportunities. Due to the uncertainty associated with the Brexit referendum, we remain cautious about the UK and are leveraging our economic exposure research to better understand the potential impacts of either vote outcome to businesses in the UK and elsewhere.

FIGURE 2. MARKET SHIFTS WERE EXTREME IN 1Q 2016

2A. FACTOR VOLATILITY



2B. FACTOR STANDARD DEVIATION MOVES, TWO WEEKS ENDED MARCH 8, 2016

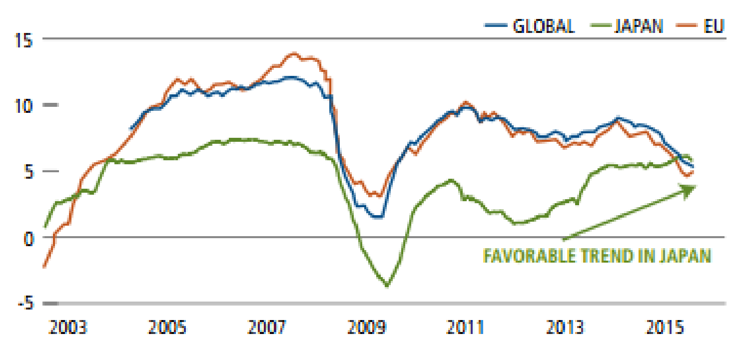


Factors are quantitative characteristics associated with a group of securities. Fundamental Factor Volatility (Figure 2a) is an equal weight measure of three Goldman Sachs Investment Profile factors: return, growth and valuation. Source: Goldman Sachs Investment Research, "Quantamental 101, Factor Investing, the rise of the Machines," Robert D. Borougerdi, John Marshall, Jessica Binder Graham, Katherine Fogertey. Figure 2b: See definitions on final page for additional information.

Japan. After being one of the strongest performing markets during 2015, Japanese equities stumbled out of the gate in 2016, as the Bank of Japan's surprise announcement that it would move to a negative interest rate policy did not have the desired effect on equity markets and the yen. Instead, the market began to question the efficacy of the BOJ's aggressive monetary policy, and indeed Abenomics overall, with Japanese banks among the hardest hit. Throughout the remainder of the year, we expect a range of measures to support the Japanese economy, such as a fiscal response including a potential delay in raising the consumption tax, and additional monetary support. Historically, the market has responded favorably to these types of policy measures, but caution is warranted given the extent to which both monetary and fiscal policy have struggled in addressing Japan's deflationary headwinds. We remain focused on identifying opportunities where corporate governance and capital allocation are improving. Notably, Japanese companies are diverging from the global trend of lower returns on equity less the cost of capital (Figure 3), which we view as a reflection of these improvements. We also see secular trends and policies supporting opportunities in a number of industries (See our blog, "Field Notes: Japan.")

Emerging Markets. We are more positive on emerging markets than we were at the start of the year, as more stability in commodities and currencies can benefit the group. However, we remain highly selective and believe many of the countries that rallied most during the first quarter do not offer the most attractive risk/ reward opportunities going forward. As we outlined in a recent paper, we don't believe gains in twin deficit countries such as Brazil, Russia, and South Africa are sustainable. In contrast, we are more constructive on India, the Philippines, and China. These countries are pursuing favorable economic reforms, making them better destinations for capital, and are beneficiaries of lower commodity prices.

FIGURE 3. RETURN ON EQUITY LESS COST OF CAPITAL



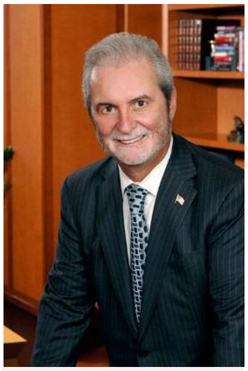
Source: BCA, "The Bank Credit Analyst," April 2016, using Datastream Worldscope, BCA Calculations. Data is for non-financial companies and uses weighted average cost of capital. © BCA 2016

China. Concerns about China's currency have been a significant driver of market volatility. We don't believe China will force a marked devaluation of its currency or target the yuan as a source of growth for the Chinese economy. Additionally, we are encouraged by the progress that China is making toward its long-term goal of becoming a more consumption-driven economy.

Click here for complete reading

Is Everyone Overpaying for "Safety Stocks"?

May 17, 2016



Authored by:
John P. Calamos, Sr.
Founder, Chairman and Global CIO
Calamos Investments

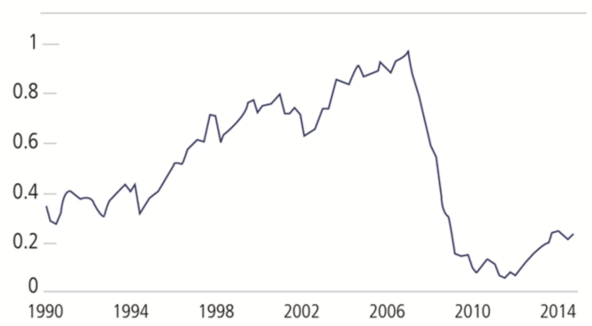
As investors, we naturally aim to understand what is and what is not discounted by financial markets. Of course, this is a difficult feat as it implies we know something about our stocks that others do not. Since the turn of the century, markets have become more informationally efficient and rapidly incorporate new information into stock prices.

Rather than just ask "what do we know that others do not?", our Global Long/Short team likes to explore the deeper questions about investor beliefs. These determine how investors incorporate information into the investment problem itself and thus, how they arrive at their decisions.

We all bring all kinds of beliefs to the investment task. For example, some believe that value investing works and valuation inputs should be paramount. Others prefer to invest in growth stocks and dismiss the value of dividends. Some believe that technical analysis is superior to a fundamental approach and so forth. But how do investors arrive at these beliefs and what is the evidence for such?

One commonly held assumption is that today's financial landscape is dangerously fragile. This is the outcome of the trauma of the Global Financial Crisis and its aftermath in particular. Are investors correct that unforeseen risks lurk around every corner? Only time will tell. But one sanguine perspective is illustrated below, the Overall Index of Systemic Vulnerability constructed by the Federal Reserve. This implies that the structural risks, which culminated in the Global Financial Crisis of 2008, are no longer present.

Figure 1. The Financial and Economic Landscape: Stronger than Many Believe?
Overall Index of Systemic Vulnerability

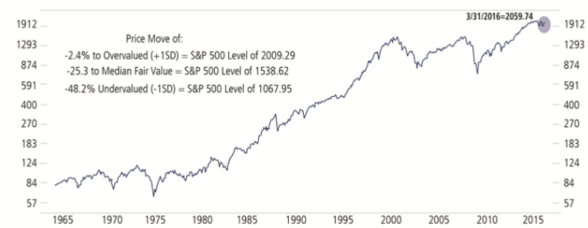


Source: Federal Reserve, quarterly data. The Overall Index of Systemic Vulnerability is constructed using inputs for Risk Appetite and Asset Valuations, Financial Sector Vulnerability, and Nonfinancial Sector Imbalances; more detail can be found here: https://www.federalreserve.gov/econresdata/notes/feds-notes/2015/mapping-heat-in-the-us-financial-system-a-summary-20150805.html

If investor belief in economic fragility is misplaced, as the chart above implies, is everyone overpaying for "safety stocks"? For example, many consumer staples stocks trade at premiums to the market and to their own history despite negligible growth. Investors appear to be paying for the stability and defensiveness of these companies rather than their long-term potential.

Another widespread belief is that the S&P 500 Index is "overvalued" and thus, lacks upside potential. As shown in Figure 2, the median P/E for the S&P 500 is higher today than its average of the past 50 years. That said, stocks have been sustained near today's valuations for long periods, including the bull market of the 1990s.

Figure 2. Is the S&P 500 Overvalued?
S&P 500 Index, Monthly data 3/31/1964 to 3/31/2016 (Log Scale)



S&P 500 Median P/E with Historical Median

Past performance is no guarantee of future results. Source: Ned Davis Research. Median Price/Earnings ratio is calculated by Ned Davis Research. SD: Standard deviation. Copyright 2016 Ned Davis Research, Inc. Further distribution prohibited without prior permission. All Rights Reserved. See NDR Disclaimer at www.ndr.com/copyright.html. For data vendor disclaimers refer to www.ndr.com/vendorinfo/.

Figure 3 below compares S&P 500 sector valuations in 1992 versus today. Why 1992? Because it is hard to believe that U.S. equities were "overvalued" in the early 1990s, the preamble to the equity gains of the subsequent 8 years. In 1992, the S&P 500 traded on an average P/E multiple of 14.3x. In the first quarter of 2016, the S&P 500 traded on an average P/E of 16.4x, which assumes earnings of about $120/share.

Figure 3. P/E Multiples by Sector (x)
Quarterly Data, 3/31/1947 to 12/31/2015, Log Scale

	S&P 500	Tech	Health Care	Industrials	Cons Disc	Staples	Financials	Energy	Utilities	Telecom	Materials
1992	14.3	13.8	16.8	13.2	17.2	16.1	10.4	15.9	12.0	13.6	14.9
1Q 16	16.4	16.2	15.2	16.0	17.7	20.6	13.5	27.2	17.4	13.2	17.3

Past performance is no guarantee of future results. Source: UBS and Factset; multiples are calculated as 12-month average.

The bulk (80%) of this valuation difference is accounted for by the "safety" sectors (32%) plus energy (37%) and financials (11%). For example, consumer staples and utilities traded on multiples of 16.1x and 12.0x respectively in 1992 versus 20.6x and 17.4x today. While financials and energy also trade on higher P/E multiples today, this reflects their compressed earnings base. On a price/book basis, for example, financials are trading cheaper today: 1.3x book value versus 1.6x book value in 1992.

What does all of this imply for what we should be thinking about?

1. If investors are "overpaying" for stability in sectors like consumer staples and utilities, how quickly could that sentiment reverse?

   One insight may be the energy MLP stocks. These had been regarded as safe "bond proxies" when investors were reaching for yield. After peaking in 2014, these stocks lost more than half their value as their underlying business models proved far less defensive than investors had supposed.

2. Is overvaluation a headwind for the S&P 500, or is it more the pace of future earnings growth?

   We think the resumption of the earnings cycle is the critical variable and will overcome investor concerns about valuation. This is why the debate over secular stagnation versus normalization of global growth is worth monitoring.

3. Treasury bonds are regarded as the ultimate safe asset. How vulnerable are fixed income markets to a modest return of confidence in the economic outlook?

   If U.S. inflation drifts mildly higher, we see the potential for nominal GDP growth of 4%. As Treasury yields tend to equal growth in nominal GDP over the long term, the upside from current yields (1.78%) is significant.

Getting markets right is as much about formulating the right questions as knowing the right answers.

Click here for complete reading

Market Videos

Click on image to access video

May 7, 2016
Chris Dieterich of Barron's: *Why to Buy Gold ETFs Now*

May 3, 2016
John P. Calamos of Calamos Investments: *John P. Calamos, Sr. and John Koudounis on Fox Business*

May 4, 2016
Jason Kephart of Morningstar: *Don't Get Caught by Funds of Hedge Funds Costs*

April 28, 2016
Anne Kritzmire of Nuveen Investments: *CEF Market Matters: Municipal Bond Market*

May 4, 2016
Greg King of REX Shares: *Two new products attempt to slay the white whale of the ETF market*

April 25, 2016
John Micklethwait of Bloomberg: *BOJ's Capitalism Play on Exchange Traded Funds*

REIT Managers and the Active Advantage

May 2016

Authored by:
Thomas Bohjalian, CFA
Executive Vice President and Head of US Real Estate
Cohen & Steers

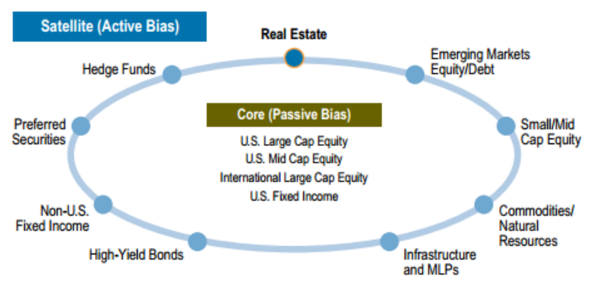
Should you simply take what the market gives, or strive for more? It depends. Passive index funds may work well for certain investments, but REITs are one area where active managers have historically given investors an advantage. That advantage could add up to a sizeable difference over time, suggesting a place for both active and passive funds in a diversified portfolio.

Since 1924, mutual funds have helped millions of investors achieve their financial goals. Recently, many investors have shifted to passive index-tracking vehicles such as exchange-traded funds (ETFs), frustrated with the number of active managers who have failed to deliver sufficient performance to justify their fees.

But not all markets are alike. Certain specialty asset classes have historically been better suited to active management than others. Additionally, the use of passive investments means that investors forgo the potential for outperformance through stock selection, leaving asset allocation as the sole source for gaining incremental returns. We believe most portfolios can benefit from a balanced approach—one that utilizes active and passive investment capabilities in ways that complement each other.

To that end, we have observed that some investors are utilizing a core/satellite model for manager selection (Exhibit 1). Under this model, investors emphasize ETFs for their core equity and fixed income allocations, which provide the desired asset-class exposure at a relatively low cost. For satellite allocations, they may favor actively managed solutions, particularly in markets where outperformance among active managers may be more pronounced—asset classes such as small-cap equity, emerging-market equity, preferred securities and real estate investment trusts (REITs), among others.

Exhibit 1: The Core/Satellite Model for Manager Selection

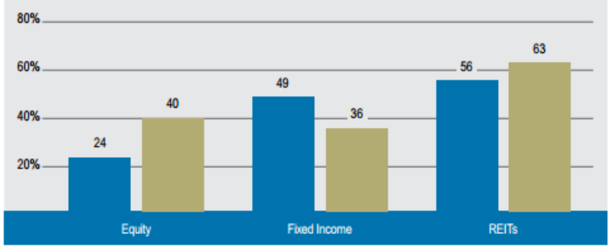


Source: Cohen & Steers.

Active REIT Managers Have Had an Edge

When choosing between active and passive investments, we believe it is important to consider how fund managers have performed within a specific category. In the 10 years from 2006 to 2015, 56% of active REIT managers outperformed their benchmarks, compared with just 24% of equity managers (Exhibit 2). In other words, REIT managers have been more than twice as successful at generating excess returns over the past market cycle. Active REIT managers have also had better success than fixed income managers over this same period. On a 20-year basis, the advantage of active REIT managers becomes even more apparent, with 63% of funds outperforming. We believe this success is derived from REIT managers' narrow area of focus, as well as inherent inefficiencies in the global real estate securities market that active managers have been able to exploit.

Exhibit 2: Percentage of U.S. Funds That Outperformed Their Benchmark
By Morningstar Category, Class I or Equivalent (net of fees)



Number of Funds Represented (10 Year / 20 Year)			
Total Funds	194 / 111	469 / 228	39 / 16

At December 31, 2015. Source: Morningstar and Cohen & Steers.
Performance data quoted represents past performance. Past performance is no guarantee of future results. The information presented above does not reflect the performance of any fund or account managed or serviced by Cohen & Steers, and there is no guarantee that investors will experience the type of performance reflected above. See page 11 for additional disclosures.

Looking closer at equity markets, REIT managers continue to distinguish themselves. Over the 1-, 3-, 5- and 10-year trailing periods, real estate and smallcap managers consistently had better success than large- and mid-cap managers, as shown in Exhibit 3. Over some time periods, active managers struggled across the board. However, it is worth noting that investors do not generally make selections based on the full universe of funds, so success rates for the entire market may not reflect real-world experience.

Many investors tend to choose funds from focus lists that help identify managers who have set themselves apart, taking into consideration both qualitative and quantitative factors, including expenses. Each list has its own criteria, but we can simulate this process by screening for 4- and 5-star funds as ranked by Morningstar. Within this select group, 81% of REIT managers delivered net returns in excess of their benchmarks over the past decade, clearly demonstrating value to investors over full market cycles.

Click here for complete reading

Fund Updates

- AllianceBernstein Closed-End Funds Announce Distribution Rates – April 25
- BlackRock Announces Special Distribution Related to the Reorganization of Two Municipal Closed-End Funds – May 2
- BMO Asset Management Inc. Announces Cash Distributions for BMO Exchange Traded Funds – April 19
- BMO Asset Management Inc. Announces Cash Distributions for BMO Exchange Traded Funds – May 18
- Calamos Asset Management, Inc. Reports First Quarter 2016 Results and Declares Dividend – April 26
- Calamos Closed-End Funds (NASDAQ: CHI, CHY, CSQ, CGO, CHW and CCD) Announce Monthly Distributions for May 2016 – April 29
- Cohen & Steers Funds Quarterly Data Now Available – April 21
- Cohen & Steers(NYSE:CNS) Declares Dividend of $0.2600 – May 17
- Duff & Phelps Select Energy MLP Fund Inc. Declares Quarterly Distribution of $0.22 per Share – May 2
- First Trust Global DividendSeeker Fund Announces Monthly Cash Distribution – April 19
- First Trust Senior Floating Rate Income Fund II Declares its Monthly Common Share Distribution of $0.07 Per Share for May – April 20
- FT Portfolios Canada Co. Announces Cash Distribution for Its Exchange Traded Funds – April 20
- Guggenheim Investments Exchange Traded Funds Declare Monthly Distributions – April 29
- MFS Releases Closed-End Fund Income Distribution Sources for Certain Funds – April 25
- MFS Announces Closed-End Fund Distributions – May 2
- PineBridge Investment Grade Preferred Securities Fund Announces Monthly Cash Distribution – May 18
- Pioneer Investments Declares Monthly Distributions for Closed-End Funds – May 3
- RBC Global Asset Management Inc. announces RBC ETF cash distributions for May 2016 – May 16
- Stone Harbor Emerging Markets Total Income Fund Declares Monthly Distributions of $0.1511 Per Share – April 27
- Tekla World Healthcare Fund Paid Distribution – April 29
- Tortoise Capital Advisors, L.L.C. Announces Release of the 2016 First Quarter Report for Closed-End Funds (TYG, NTG, TTP, NDP and TPZ) – April 21
- Voya Equity Closed End Funds Declare Distributions – May 16
- Wells Fargo Closed-End Funds Declare Monthly Dividends – April 29

Capital Link's Closed-End Funds & Global ETFs Webinar Series

Please click on the calendar icon to access below webinar transcript and audio.
Visit http://webinars.capitallink.com/sectors/cef-etf.html for our complete CEFs & Global ETFs Webinar Library

Upcoming 2016 Webinars

JUN. 7

June 7 – Managing Retirement Income in a Low-Yield Environment
Featured: WBI Investments

Past 2015-2016 Webinars

MAY 17

May 17 – How to Play the Value Comeback Using Dividend ETFs
Featured: ALPS

MAR. 29

March 29 – Not All Share Buybacks are Created Equal
Featured: TrimTabs Asset Management

FEB. 23

February 23 – The Case for Commercial Mortgage Backed Securities
Featured: Principal Real Estate Investors

FEB. 9

February 9 – Implications of Volatility for Closed-End Fund Leverage
Featured: Fitch Ratings

Capital Link's
Closed-End Funds & Global ETFs
Webinar Series

Please click on the calendar icon to access below webinar transcript and audio.
Visit http://webinars.capitallink.com/sectors/cef-etf.html for our complete CEFs & Global ETFs Webinar Library

Past 2015 Webinars

JAN. 12

January 12– 2016 ETF Landscape: Current Trends and Opportunities Roundtable Discussion
Featured: ALPS, BATS, Fidelity Investments, JP Morgan Asset Mgmt., Morningstar, and State Street Global Advisors

DEC. 9

December 9 – The Case For Multi-Sector Credit Investing
Featured: Stone Harbor

DEC. 1

December 1 – International Stocks with Sustainable Dividend Yields
Featured: MSCI

OCT. 28

October 28 – Ireland – Europe's bright spot continues to shine
Featured: The New Ireland Fund, Inc.

OCT. 14

October 14 – Recent Market Dislocation Offers Current Value in CEF Space
Featured: Aberdeen Asset Mgmt, BlackRock, Calamos Investments, Deutsche Asset & Wealth Mgmt, First Trust and Wells Fargo

SEP. 29

September 29 – Attractive Yield through Global Thematic Investing
Featured: Clough Capital

Content Contributors

Disclaimer-Terms of Use: The information herein is not an offer to buy or sell any kind of securities nor does it constitute advice of any kind. The material featured in this Newsletter is for educational and information purposes only. Material featured in this Newsletter is taken from sources considered to be reliable but Capital Link does not represent or warrant the accuracy of the information. The opinions expressed in this Newsletter do not necessarily reflect those of Capital Link who takes no responsibility at all for them and cannot be held liable for any matter in any way.