FIRST QUARTER 2018

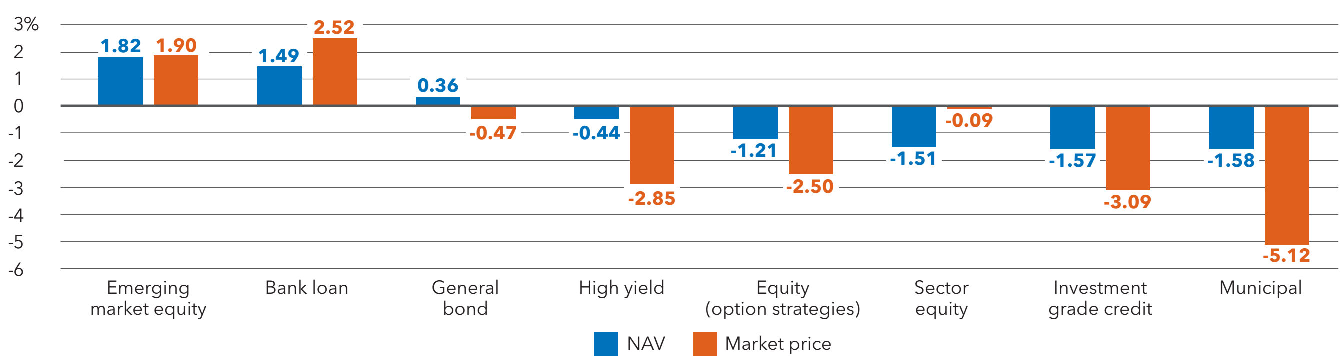
Closed-end fund market review

Market overview

Equity markets were down in the first quarter of 2018 as investors became concerned about inflation and escalating trade tension. In February, investors were worried that rising wage pressure and inflation might force the Federal Reserve to move interest rates higher than expected. This, along with imposed tariffs on imported steel and aluminum from China, lead to market volatility in the first quarter. The S&P 500 finished the quarter down -0.76%. Bonds were down, finishing the quarter down -1.46% as measured by the Barclays U.S. Aggregate Bond Index. The 10 year treasury finished the quarter up 34 basis points, hitting as high as 2.94% before finishing the quarter at 2.74%.

Closed-end funds ("CEFs"), on average, had a negative first quarter. The average CEF was down -0.33% on NAV and -1.22% on market price as of March 31, 2018. Discounts widened this quarter, starting the quarter at an average of -5.86% and ending at an average discount of -6.43%. As investors continue to look for cash flow for their portfolio, many investors are finding income opportunities in the CEF market. As of the end of March, the average CEF was yielding 6.2% on market price.

First quarter CEF total returns (NAV and market price)



Source: Lipper as of 3/31/2018. Returns are shown net of advisory fees paid by the fund and net of the fund's operating fees and expenses. Investors who purchase shares of the fund through an investment adviser or other financial professional may separately pay a fee to that service provider. Past performance is not indicative of future results

Municipal

Municipal bonds got off to a slow start in 2018 amid rising rates, tax reform, and a depressed supply level. Municipal CEFs as measured by the Lipper General & Insured Municipal (Leveraged) category were down -1.58% on NAV and down -5.12% on market price over the first quarter. Discounts in muni CEFs widened more than any other category during this period, ending the quarter 350 basis wider than the beginning at an average discount of -8.10%. An increase in interest rates negatively impacted CEF NAV returns and also provided a catalyst for selling pressure on the secondary market. Many investors are averse to owning leveraged products in a rising rate environment. The use of leverage will generally increase a fund's duration or interest risk. Along with an increase in duration, leverage costs are generally floating and rise with short rates. An increase in leverage costs will potentially cause a fund to decrease its distribution. The recent rise in short-term interest rates has pushed municipal CEF leverage costs higher. For example, the SIFMA Municipal Swap Index, a base rate used to calculate interest rates on various forms of municipal fund leverage, is currently at 1.58%, well above its three year average of 0.43%. As a result, municipal CEF earnings have declined, causing many funds across the space to announce distribution reductions which, we believe, has driven discounts wider.

Taxable fixed income

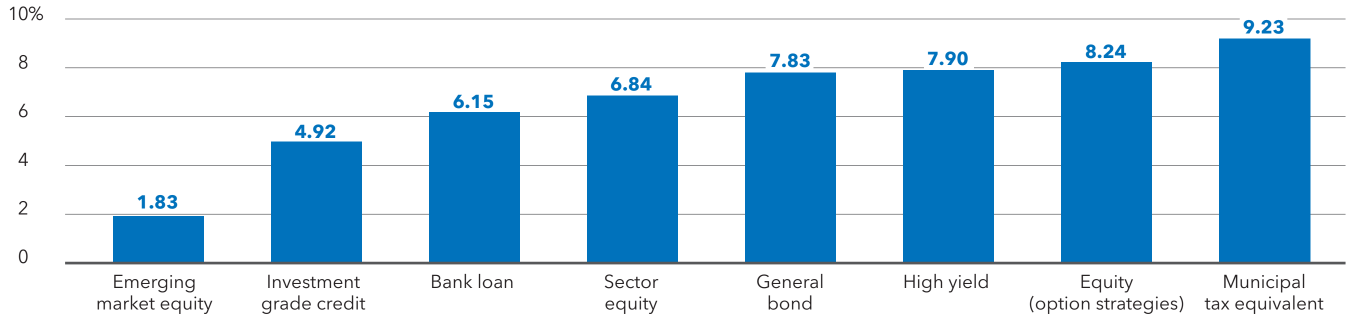
Taxable fixed income CEFs were down on both NAV and market price during the first quarter. The average taxable fixed income CEF was down -0.04% on NAV and down -0.97% on market price. Discounts widened from -5.35% as of the end of 2017 to -6.28% at the end of the first quarter. Bank loan CEFs had a strong quarter up an average of 1.49% on NAV and 2.52% on market price. Investors have turned to bank loans in this environment given their floating rate coupons and potential protection against a rise in interest rates. This has increased demand in the secondary market pushing discounts narrower, ending the quarter at an average discount of -5.60%, 90 basis points narrower than at the beginning of the year. High yield bonds held up better than investment grade bonds in the first quarter. However, credit spreads widened as equity market volatility picked up. High yield CEFs were down -0.44% on NAV and -2.85% on market price for the quarter. Discounts widened 254 basis points to finish the quarter at an average discount of -8.30%. The general bond category, which includes multi-sector bonds funds was up 0.36% on NAV and down -0.47% on market price during the quarter. Discounts widened 70 basis points, finishing at an average of -2.60%.

Equity

US equities finished down in the first quarter due to rising inflation fears and uncertainty around global trade. Equity CEFs were down an average of -0.30% on NAV and -0.23% on market price. Discounts narrowed slightly finishing at an average -6.06%, down 40 basis points from the start of the year. Despite a volatile quarter, emerging market equities finished positive. A slowdown in global growth and a potential trade war with US and China muted returns towards the end of the quarter. Emerging market equity CEFs were the best performing equity category in the first quarter up 1.82% on NAV and 1.90% on market price. Discounts in the emerging market equity space narrowed 30 basis points, finished at an average of -10.7%. Equity (Option Strategies) CEFs finished the quarter down -1.21% on NAV and down -2.50% on market price. Discounts in the category widened 110 basis points, finishing at an average discount of -2.10%.

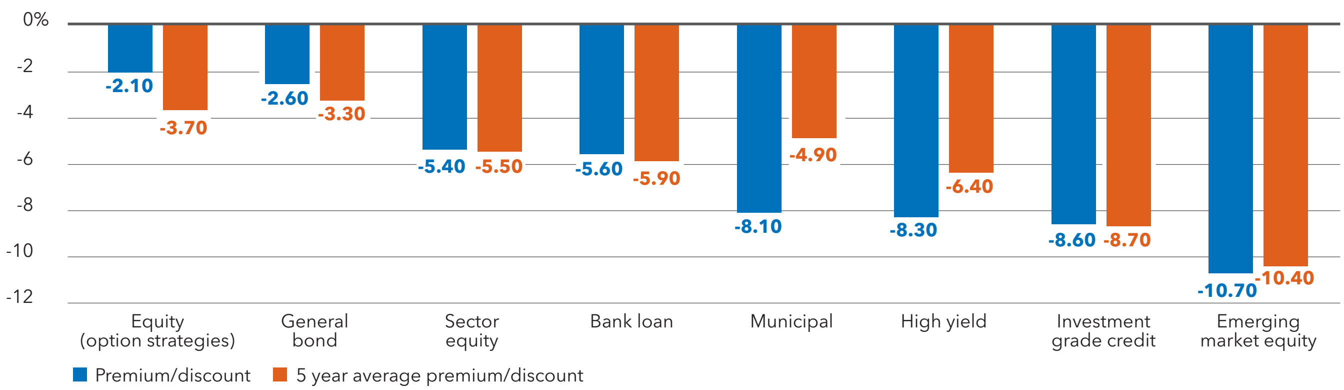
*Assuming 43.4% tax rate.

Distribution rate (market price) as of March 31, 2018



Source: Lipper as of 3/31/2018. Distribution rate is calculated by annualizing the fund's latest declared regular distribution and dividing that number by the funds market price as of the stated date. Distributions are sourced from net investment income, unless noted otherwise. Tax-Equivalent Distribution Rate calculated using a 40.8% effective tax rate.

Current premium/discount versus 5-Year average as of March 31, 2018



Source: Lipper as of 3/31/2018.

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*AUM as of 3/31/18.

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Municipal market risks: There may be less information available on the financial condition of issuers of municipal securities than for public corporations. The market for municipal bonds may be less liquid than taxable bonds. A portion of the income may be taxable. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gain distributions, if any, are taxable. The Fund may utilize leveraging to seek to enhance the yield and net asset value of its common stock, as described in the Fund's prospectus. These objectives will not necessarily be achieved in all interest rate environments. The use of leverage involves risk, including the potential for higher volatility and greater declines of the Fund's net asset value, fluctuations of dividends and other distributions paid by the Fund and the market price of the Fund's common stock, among others.

Equity market risks: The price of equities may rise or fall because of changes in the broad market or changes in a company's financial condition—sometimes rapidly or unpredictable. These price movements may result form factor affecting individual companies, sectors or industries, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices may decline over short or extended periods of time.

Index descriptions

Barclays Municipal Bond Index: The Barclays Municipal Bond Index is a rules-based, market-value-weighted index engineered for the long-term tax-exempt bond market.

SIFMA Municipal Swap Index: 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations (VRDOs) with certain characteristics. The Index is calculated and published by Bloomberg. The Index is overseen by SIFMA's Municipal Swap Index Committee.

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