



# Closed-End Fund Conference Brings Managers and Investors Together

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Investor Spotlight



Where does a closed-end fund go when it wants to network with investors, analysts and brokers? Where do they go to present their fund to a

quality audience? This was a pending question for Patricia Baronowski, CEO of investor relations firm Pristine Advisors, and 24-years veteran of the closed-end fund industry. "We have had our clients attend a wide variety of conferences through the years to try and gain exposure and through trial and error, we sadly realized that such a conference just did not exist,

at least not specifically for "closed-end funds," stated Baronowski.

So she started her own conference.

Pristine Advisors' annual Closed-End Fund Conference concluded recently at the Hilton Hotel in New York, New York. The event had originally been scheduled for October 30th, but had to be postponed due to Hurricane Sandy.4 ▶

◀ “For years, closed-end funds have been the unappreciated and misunderstood outcast of the investment industry. But CEFs bring a lot of advantages, including the opportunity to buy assets at deep discounts and diversification opportunities into profitable but thinly-traded markets,” she explains. “We created this conference series on our own to help bridge the information gap between the closed-end fund industry and the investment community. We felt that if no such conference currently exists, we need to change that, and as such, our CEF Conference Series was born.”

The conference is one of the few regular events dedicated to the closed-end fund industry, and provides a rare opportunity for industry professionals to discuss their unique industry issues and share best practices for benefiting shareholders and reaching new markets. This conference was the 2nd annual gathering. In attendance were several hundred professionals in a variety of investment industry disciplines, including CEF analysts, strategists, financial advisors and consultants, institutional and high-net-worth investors, investment managers, fund marketers and financial media professionals.

The conference provided attendees a rare opportunity to hear investment and strategy insights directly from the fund managers themselves, and question them about possible future trends and risks. “It’s an opportunity to have face to face conversation with fund managers,” stated Sangeeta Marfatia, Executive Director, Closed-End Fund Research at UBS Wealth Management Americas. Marfatia spoke on at Pristine Advisers’ conference on an analyst roundtable panel discussing year-to-date secondary market performance and IPO issuance,



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return-on-capital and the appropriate level of distribution, beyond income, CEFs for equity investors, current issues surrounding municipal closed-end funds and a topic entitled CEF Valuations: Are Premiums Here to

Stay?

It was indeed a busy month for closed-end funds, as City of London Investment Management (CLIM) organized a presentation in New York on corporate governance for CEFs. As a very large shareholder of CEFs, particularly in the emerging markets space, Chief Investment Officer Barry Olliff has continued his campaign to improve the relationship between shareholder and fund administrator.

The Investment Company Institute also sponsors an annual conference dedicated to closed-end fund issues, but the scope is different, points out Baronowski. “At our Closed-End Fund Conference,

◀ fund managers and the investment and advisory communities have more of an opportunity to connect. The ICI event tends to deal more with internal industry issues and best practices.” According to Baronowski, the younger Closed-End Fund Conference is more of a cross-disciplinary event that allows the closed-end fund industry and investment community to reach out to one another and build bridges of communication. “Both are great events, but there’s no real overlap,” she says.

“Events such as these provide a wonderful, yet rare, opportunity for portfolio managers, analysts, advisors and investors to exchange ideas about CEFs. While PMs explain their investment process in a more

dynamic and interesting manner than an annual report would do, the audience also benefits from getting direct access to portfolio managers in order to clarify any concerns they may have”, states Mariana F. Bush, CFA, of Wells Fargo Advisors - CEF & ETF Research, who also spoke on the analyst roundtable panel at Pristine Advisers’ Conference.

### **About Closed-End Funds**

Closed-end funds are a type of mutual fund. Unlike traditional mutual funds, which sell unlimited numbers of shares directly to the investor, closed-end funds issue a fixed, limited number of shares. Investors then trade these shares over exchanges, just as they do shares of stock.

The structure provides closed-end funds with a couple of advantages: Fund managers do not have to worry about having to sell shares into a bear market to meet demand for redemption. They also do not have to put massive flows of ‘hot money’ to work in overheated markets. Both advantages help fund managers maintain rational investment approaches without having to distort their strategies due to heavy inflows or outflows of capital. This is particularly vital in narrow or thinly-traded markets, where relatively few investors could cause big swings in asset prices. For this reason, many closed-end funds focus on individual countries or tightly-focused industry groups. ■