

4th Annual Closed-End Fund Strategies Conference Puts Focus on Active Management Strategies



The first annual Closed Fund Strategies Conference, and the subsequent annual conferences have gotten bigger and more successful every year. This year's conference, which took place on October 29, 2014 at the New York Hilton, attracted scores of analysts, attorneys, broker/dealers, and philanthropy professionals, institutional investors, private client fund managers, strategists, market makers, private banks, journalists, financial planners and advisors, and many others with a specific interest in or expertise in closed-end funds.

One of a Kind

Thus far, the Closed-End Fund Strategies Conference is the only regular conference in the United States that focuses specifically and exclusively on the actively-managed closed-end fund investment company structure and its unique characteristics. "It has already become a big deal for those of us focused on CEF investing," says Mike Taggart, the former Director of Closed-End Funds at Morningstar, now a Vice President and Director of Closed-End Fund Research at Nuveen Investments. "The CEF industry has long needed a proactive platform through which to engage investors more fully in the vagaries

20 November 2014
By **Jason Van Steenwyk**
Senior Editor of Global Investor Spotlight



Patricia Baronowski's Pristine Advisers made five years ago to create a conference just for the closed-end fund industry.

With conferences in the past we found that not everybody who was there was interested specifically in closed-end funds," explains conference founder and organizer Patricia Baronowski. "We thought 'If you build it they will come.'" And so we built it!"

"If you build it, they will come."

That was the catchphrase from the hit 1989 movie Field of Dreams. And that was the guiding principal behind a decision



◀ of CEF investing and upon which to highlight often-overlooked funds.”

A Different Concept

Baronowski’s focus on the actively-managed CEF world, as opposed to the set of closed-end funds that includes indexed ETFs, is deliberate. Other conferences with broader focuses had become too diluted for some purposes, says Baronowski, and many core messages about the unique value of closed-end funds were lost, or panelists had to spend a good deal of time discussing basic issues with people who were relatively new to the CEF concept, and were unable to deeply plumb the depths of issues specific to the closed-end fund industry with a

community of people who were deeply committed to actively-managed CEFs as a concept.

“One of the things we are proud of is our audience. We qualify every attendee to ensure our sponsors and presenters are presenting in front of a quality audience” Baronowski explains. “We are very strict about whom we allow in. Our attendees are very specific to closed-end investors, brokers, analysts, advisors and media.

BDCs and MLP Funds

One benefit of focusing the spotlight more closely on the actively-managed side of the CEF world is the ability to focus on some lesser known or emerging

“One of the things we are proud of is our audience. We qualify every attendee to ensure our sponsors and presenters are presenting in front of a quality audience”

trends within the industry. For example, organizers were able to devote a full presentation slot to business development companies (BDCs) as represented by Prospect Capital as well as the Monroe Capital Corporation. “BDCs are an important growing part of the market. It opens up for investors a new opportunity that I think many investors hadn’t considered,” said Aaron Peck, Monroe Capital’s chief investment and chief financial officer.

Business development companies are publicly registered companies - typically organized as closed-end funds – that focus on investing in small and medium-sized business in private equity and private debt placement that otherwise fly under the radar of investors who focus on publicly-traded opportunities.

Like REITs, BDCs are pass-through tax structures that qualify for exemption from income tax at the corporate level provided they distribute at least 98 percent of their taxable income to shareholders.

While private equity and venture capital funds are usually open only to accredited investors, anyone can invest in a BDC – which may offer opportunities for individual investors to gain exposure to the

private equity, private placement and venture capital market.

The conference was also able to generate a similarly prominent focus on the MLP concept, as well: Specifically, CEFs that focus on opportunities within the universe of master limited partnerships – or limited partnerships that trade on stock exchanges.

Investors can therefore access the risk/reward qualities of private equity and limited partnerships – as well as the tax advantages that limited partnerships provide high-tax-bracket investors – while still having the liquidity of a publicly-traded stock.

In other conferences, these relatively small segments of the market have been lost in the shuffle, says Baronowski.

Pristine Advisers intends to continue to grow their conference, which annually takes place October/November of each year and takes place in New York. Details of their Conferences and Webcasts and Podcasts can be found on their fund website at www.cefnetwork.com

Topics of Discussion

Some of the topics of discussion at this year's conference included:

- Alternative investments and the role of CEFs
- The unique advantages of CEFs in international markets and the opportunities and risks facing investors in that space.
- Fixed income and closed-end funds, including the possibility of leveraging fund discounts to boost yield on investments
- Master limited partnerships and CEFs

- Business Development Companies
- Top market segments for dividend income
- Volatility and liquidity
- Asset allocation strategies
- Volatility

Speakers at this year's conference included the following:

- Rennie McConnochie, Senior Business Development Manager of [Aberdeen Investments](#).
- Elias Lanik, Senior Closed-End Fund Analyst for [Bank of America Merrill Lynch](#)
- David Wertheim, Director and Senior Product Specialist for [Deutsche Asset and Wealth Management](#)
- Peter Vanderlee, Managing Director and Portfolio Manager at ClearBridge Investments.
- John Cole Scott, Portfolio Manager and Executive Vice President at [Closed End Fund Advisors](#)
- Libby F. Toudouze, Partner, President and Portfolio Manager at [Swank Capital, LLC](#)
- Todd G. Owens, Co-President, [Fifth Street Management, LLC](#)
- Ken Fincher, Senior Vice President, Portfolio Manager, [First Trust Advisors](#)
- Thomas Byron, Senior Portfolio Manager, [Invesco](#)
- Alberto Osorio, President and CEO, [Mexico Fund, Inc.](#)
- Christopher Nolan, Senior Analyst, Financials, [MLV & Co.](#)
- Aaron Peck, Chief Investment Officer and Chief Financial Officer at [Monroe Capital Corporation](#)
- James Upton, Managing Director, Senior Portfolio Strategist and Chief Strategic Officer for the Global Emerging Markets

Equity Team, [Morgan Stanley Investment Management](#)

- Michael Jabara, Executive Director, head of ETF and CEF Research, [Morgan Stanley Wealth Management](#)
- Sumit Desai, Analyst covering active strategies, [Morningstar, Inc.](#),
- Mike Taggart, Vice President, Director of Closed-End Fund Research, [Nuveen Investments](#)
- Grier Eliasek, President and Chief Operating Officer, [Prospect Capital Corporation](#)
- Robert Shaker, Portfolio Manager, [Shaker Financial Services, LLC](#)
- Alexander Reiss, Director, Closed-end Fund Research, [Stifel Nicolaus](#)
- Scott Fleming, President and CIO, [Stonebridge Advisors, LLC](#)
- Gregg Greenberg, Reporter, [TheStreet.com](#)
- Ed Russell, Director, [Tortoise Capital Advisors](#)
- Mariana F. Bush, Head of Closed-end Fund & Exchange-Traded Tracking Products Research, [Wells Fargo Advisors](#)
- Robert Amodeo, Head of Municipals, [Western Asset Management](#)

For those who missed the conference, or who want a recap, there is a link to all the presentations available [here](#). The accompanying PowerPoint presentations are included as well.

Continuing Education Credits

Certified Financial Planner (CFP®) designees in attendance [qualified for six continuing education credits.](#)

Disclaimer: The opinions in this article are for informational purposes only and should not be construed as a recommendation to buy or sell the stocks mentioned. Please do your own due diligence before making any investment decision.