Closed-End Fund Risk Disclosure Statement

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An investment in a closed-end fund presents a number of risks and is not suitable for all investors. Investors should carefully review the prospectus and consider potential risks before investing in any new offering.

A closed-end fund company typically raises money through a share offering to invest in a portfolio of bonds, as well as equities and other security types, with a fixed number of shares. Once the money is raised, the fund does not take in new money or process redemptions. After the closed-end fund goes public, you can buy shares in the secondary market on an exchange, such as the NYSE or NASDAQ, paying the fees that your broker charges for this type of transaction.

When you buy shares in a closed-end fund Initial Public Offering (IPO), you'll pay a premium because the fees and expenses paid for the offering come from the capital raised. In other words, if you pay $10 for a share, the actual amount invested for you will be less than $10. Until the original listing of a closed-end fund on an exchange, closed-end fund shares will not have a history of public trading.

The value of closed-end fund shares is determined by investor demand. This is different from an open-end fund, where price reflects the fund's net asset value (NAV). Closed-end funds may trade at a premium or discount to their net asset value. A significant majority trade at a discount. In general, rising short-term rates will increase the cost of leverage for closed-end funds, which can have significant impact on closed-end fund prices. Leverage tends to increase volatility for closed-end bond funds. Closed-end funds can invest in a higher percentage of illiquid securities than open-end funds and can issue debt and/or preferred shares. Diversification strategies do not ensure a profit and do not protect against losses in declining markets.

Fixed-income securities in general are subject to increased loss of principal during periods of rising interest rates. Fixed-income investments are subject to various other risks including changes in credit quality, market valuations, liquidity, prepayments, early redemption, corporate events, tax ramifications, and other factors. Lower-rated securities are subject to greater credit risk, default risk, and liquidity risk.

For further important information:
http://www.finra.org/investors/alerts/closed-end-fund-distributions-where-money-coming

Investment Products: Not FDIC Insured * No Bank Guarantee * May Lose Value

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