

5 Best CEFs To Buy This Month (July 2021)

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Summary

- For income investors, closed-end funds remain an attractive investment class that covers a variety of asset classes and promise high distributions and reasonable total returns.
- Closed-end funds are generally characterized by higher volatility and deeper drawdowns than the broad market. For these reasons, they are not suited for everyone.
- In this monthly series, we highlight five CEFs that have solid track records, pay high distributions, and are offering "excess" discounts. We try to separate the wheat from the chaff using our filtering process to select just five CEFs every month from around 500 closed-end funds.
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The strength of this bull market has surprised many investors. Once again, the major indexes have been breaking new highs on a regular frequency. In this environment, CEFs (Closed-End funds) and other high-income securities have continued to perform very well. However, the real question is where we are heading rather than where we have been. So, will the second half of the year be as good or at least half as good as the first half of the year?

Obviously, not everything is rosy. High inflation worries continue to be on everyone's mind. The inflation numbers for June came out this past Tuesday, and they showed inflation rising at the fastest pace in 13 years since 2008. The big debate about whether the inflation that we see currently is transitory or of a more persistent nature still continues. The good news from Tuesday's data is that most of the inflation is driven by a few categories like autos, airline fares, hotels, and the entertainment industry, as the recovery from the pandemic gains momentum. After excluding these four categories, the inflation was much lower but still significant. So, in a way, Tuesday data did not do much to resolve this debate.

Nonetheless, interest rates are still near zero, and the Fed still has the leverage to increase them very gradually if they have to. The economy is still recovering nicely and expected to do so in the months ahead. So, in the short to intermediate terms, it does not look bad for stocks.

That said, the future always is hazy, even in the best of times. So, it's always prudent to ignore the short-term gyrations of the market and focus on the long term. It's best to keep the focus on our long-term goals and strategies that have proven to work in good times and bad. In that spirit, we keep looking for good investment opportunities and try to separate the wheat from the chaff on a regular basis.

Why Invest in CEFs?

For income-focused investors, closed-end funds remain an attractive investment class that offers high income (generally in the range of 6%-10%, often 8% plus), broad diversification (in terms of variety of asset classes), and market-matching total returns in the long term, if selected carefully and acquired at reasonable price points. A \$500K CEF portfolio can generate nearly \$40,000 a year, compared to a paltry under \$7,500 from the S&P 500. Now, if you were a retiree and needed to use all of that income, the portfolio would not grow much, but it may still grow enough to beat the rate of inflation. That certainly beats investment vehicles like annuities. With CEFs, you have to think in terms of income rather than capital growth.

Ideally, if you have a large enough pool of retirement funds, there's generally no need to put more than 20% into CEFs, but these are decisions that can only be made on a personal level based on individual situations.

However, it's important to be aware of the risks and challenges that come with investing in CEFs. We list various risk factors at the end of this article. They are not suitable for everyone, so please consider your goals, income needs, and risk tolerance carefully before you invest in CEFs.

CEFs had taken a serious beating in the early stages of the pandemic last year, and their recovery had been much weaker than the broader market. But that has changed this year in 2021, with the increasing expectations of a rebounding economy. As a result, we no longer have the kind of discounts that were being offered just six months back. In fact, just the opposite, most of the CEFs are probably overvalued today.

So, is now the time to buy? We would say yes with a rider. One should buy selectively and in small and multiple lots. No one can predict the future direction of the market with any degree of certainty. So, we continue to be on the lookout for good investment candidates that have a solid track record, offer good yields, and are offering great discounts.

Five Best CEFs to Consider Every Month

This series of articles attempts to separate the wheat from the chaff by applying a broad-based screening process to the 500 CEF funds, followed by an eight-criteria weighting system. In the end, we are presented with about 30-40 of the most attractive funds in order to select the best five. However, please note that we do not consider funds that have a history of fewer than five years.

This is our regular series on CEFs, where we highlight five CEFs that are relatively cheap, offer "excess" discounts to their NAVs, pay reasonably high distributions, and have a solid track record. We also write a monthly series to identify "5 Safe and Cheap DGI" stocks. You can read our most recent article [here](#).

We use our multi-step filtering process to select just five CEFs from around 500 available funds.

The selected five CEFs this month, as a group, are offering an average distribution rate of 7.00% (as of 07/09/2021) and an excess discount of -1.23%. Besides, these five funds have an excellent past record and collectively returned 19.57%, 18.66%, and 12.28% in the last three, five, and ten years (BST has less than a 10-year record). Since this is a monthly series, there may be some selections that could overlap from month to month. As we have seen the trend over the last few months, the average yield is a bit on the lower side. But this is partly because of the incredible run-up in CEFs valuations during the last six months. However, our larger group of 10 CEFs provides a slightly higher yield.

Please note that these are not recommendations to buy but should be considered as a starting point for further research.

Author's Note: This article is part of our monthly series that tries to discover the five best buys in the CEF arena at that point in time. Certain parts of the introduction, definitions, and the section describing selection criteria/process may have some commonality and repetitiveness with our other articles in the series. This is unavoidable as well as intentional to keep the entire series consistent and easy to follow for the new readers. Regular readers who follow the series from month to month could skip the general introduction and sections describing the selection process.

Goals for the Selection Process

Our goals are simple and are aligned with most conservative income investors, including retirees who wish to dabble in CEFs. We want to shortlist five closed-end funds that are relatively cheap, offering good discounts to their NAVs, paying relatively high distributions, and have a solid and substantial past track record in maintaining and growing their NAVs. Please note that we are not necessarily going for the cheapest funds (in terms of discounts or highest yields), but we also require our funds to stand out qualitatively. We adopt a systematic approach to filter down the 500-plus funds into a small subset.

Here's a summary of our primary goals:

- High income/distributions.
- Reasonable long-term performance in terms of total return on NAV: We also try to measure if there has been an excess NAV return over and above the distribution rate.
- Cheaper valuation at the time of buy determined by the absolute discount to NAV and the "excess" discount offered compared to their history.
- Coverage ratio: We try to measure to what extent the income generated by the fund covers the distribution. Not all CEFs fully cover the distribution, especially the equity, and specialty funds, as they depend on the capital gains to cover their distributions. We adjust this weight according to the type and nature of the fund.

We believe that a well-diversified CEF portfolio should at least consist of 10 CEFs or more, preferably from different asset classes. It's also advisable to build the portfolio over a period rather than invest in one lump sum. If you were to invest in one CEF every month in a year, you would have a well-diversified CEF portfolio. What we provide here every month is a list of five probable candidates for further research. We think a CEF portfolio can be an important component in the overall portfolio strategy. One should preferably have a DGI portfolio as the foundation, and the CEF portfolio could be used to boost the income level to the desired level. How much should one allocate to CEFs? Each investor needs to answer this question himself/herself based on the personal situation and factors like the size of the portfolio, income needs, risk appetite, or risk tolerance.

Selection Process

We have more than 500 CEF funds to choose from, which come from different asset classes like equity, preferred stocks, mortgage bonds, government and corporate bonds, energy MLPs, utilities, infrastructure, and municipal income. Just like in other life situations, even though the broader choice always is good, it does make it more difficult to make a final selection. The first thing we want to do is to shorten this list of 500 CEFs to a more manageable subset of around 75-100 funds. We can apply some criteria to shorten our list, but the criteria need to be broad and loose enough at this stage to keep all the potentially good candidates. Also, the criteria that we build should revolve around our original goals. We also demand at least a five-year history for the funds that we consider. However, we do take into account the 10-year history, if available.

Criteria to Shortlist:

Criteria	Brings down the number of funds to...	Reason for the Criteria
Baseline expense < 2.5% and Avg. Daily Volume > 10,000	Approx. 435 Funds	We do not want funds that charge excessive fees. Also, we want funds that have fair liquidity.
Market-capitalization > 100 Million	Approx. 400 Funds	We do not want funds that are too small.
Track record/ History longer than five years (inception date 2016 or earlier)	Approx. 375 Funds	We want funds that have a reasonably long track record.
Discount/Premium < +6%	Approx. 350 Funds	We do not want to pay too high a premium; in fact, we want bigger discounts.
Distribution (dividend) Rate > 5%	Approx. 250-275 Funds	The current distribution (income) to be reasonably high.
5-Year Annualized Return on NAV > 0% AND 3-Year Annualized Return on NAV >0%	Approx. 200 Funds	We want funds that have a reasonably good past track record in maintaining their NAVs.

After we applied the above criteria this month, we were left with 190 funds on our list, in fact, a bit lower than our target of 200 funds. But it's still too long a list to present here or a meaningfully select five funds.

Note: All tables in this article have been created by the author (unless explicitly specified). Most of the data in this article are sourced from [Cefconnect.com](https://www.cefconnect.com), [Cefa.com](https://www.cef.com), and [Morningstar.com](https://www.morningstar.com).

Narrowing Down to 50-60 Funds

To bring down the number of funds to a more manageable count, we will shortlist ten funds based on each of the following criteria. After that, we will apply certain qualitative criteria to each fund and rank them to select the top five.

At this stage, we also eliminate certain funds that have had substantial negative NAV returns for both three-year and five-year periods.

Seven broad criteria:

- Excess discount/premium (explained below).
- Distribution rate.
- Return on NAV, last three years (medium-term).
- Return on NAV, last five years (long term).
- Coverage ratio.
- Excess return over distributions.

- The total weight (calculated up to this point).

Excess Discount/Premium:

We certainly like funds that are offering large discounts (not premiums) to their NAVs. But sometimes, we may consider paying near zero or a small premium if the fund is great otherwise. So, what's important is to see the "excess discount/premium" and may not be the absolute value. We want to see the discount (or premium) on a relative basis to their record, say 52-week average.

Subtracting the 52-week average discount/premium from the current discount/premium will give us the excess discount/premium. For example, if the fund has the current discount of -5%, but the 52-week average was +1.5% (premium), the excess discount/premium would be -6.5%.

Excess Discount/Premium = Current Discount/Premium
(Minus) 52-Wk Avg. Discount/ Premium

So, what's the difference between the 12-month Z-score and this measurement of Excess Discount/Premium? The two measurements are quite similar, maybe with a subtle difference. The 12-month Z-score would indicate how expensive (or cheap) the CEF is in comparison to the 12 months. Z-score also takes into account the standard deviation of the discount/premium. Our measurement (excess discount/premium) compares the current valuation with the last 12-month average.

We sort our list (of 190 funds) on the "excess discount/premium" in descending order. For this criterion, the lower the value, the better it is. So, we select the top 10 funds (most negative values) from this sorted list.

(All data as of 07/09/2021)

Ticker	Name	Sector	Leverage %	Base Exp.	Distrib. Rate	Disc./ Premium	Excess Disc.	52 WK AVG Disc/ Premium	3YR Ann. NAV Return	5YR Ann. NAV Return	Inception Date	Distrib. Coverage
BST	BlackRock Science an Sector Equit		0.22%	1.08%	5.05%	-4.33%	-7.47%	3.14%	30.76%	32.85%	10/29/2014	0.00%
ASG	Liberty All-Star Grow US Equity		0.62%	1.28%	7.90%	-0.35%	-7.07%	6.72%	25.82%	24.35%	3/14/1986	0.00%
GAB	Gabelli Equity US Equity		20.14%	1.36%	8.70%	2.68%	-3.10%	5.78%	14.02%	14.76%	8/21/1986	0.00%
BBN	BlackRock Taxable M/Taxable Muni		30.43%	0.92%	5.41%	0.85%	-2.18%	3.03%	9.27%	7.35%	8/27/2010	96.48%
BUI	BlackRock Util, Infra Sector Equit		0.13%	1.10%	5.65%	2.02%	-1.60%	3.62%	14.69%	10.84%	11/23/2011	17.09%
EOS	Eaton Vance Enhanci Covered Call		--	1.09%	5.06%	-0.97%	-0.64%	-0.33%	19.38%	19.07%	1/26/2005	0.00%
ETV	Eaton Vance Tax-Ma Covered Call		--	1.14%	8.14%	3.68%	-0.57%	4.25%	11.63%	12.34%	6/27/2005	5.61%
FLC	Flah&Crum Total Ret Preferreds		31.55%	1.14%	6.45%	4.87%	-0.45%	5.32%	11.55%	9.97%	8/29/2003	98.44%
TWN	Taiwan Fund Asia Equity		--	1.70%	8.89%	-15.87%	-0.42%	-15.45%	33.19%	26.20%	12/23/1986	0.00%
UTG	Reaves Utility Incom Sector Equit		14.72%	1.10%	6.53%	1.75%	0.28%	1.47%	8.87%	6.93%	2/24/2004	29.71%

High Current Distribution Rate:

After all, most investors invest in CEF funds for their juicy distributions. We sort our list (of 190 funds) on the current distribution rate (descending order, highest at the top) and select the top 10 (actually 12) funds from this sorted list.

Ticker	Name	Sector	Leverage %	Base Exp.	Distrib. Rate	Disc./ Premium	Excess Disc.	52 WK AVG Disc/ Premium	3YR Ann. NAV Return	5YR Ann. NAV Return	Inception Date	Distrib. Coverage
ACP	Aberdeen Income Cri Senior Loans		31.70%	2.33%	10.87%	-0.72%	1.26%	-1.98%	2.13%	7.01%	1/27/2011	82.35%
GLQ	Clough Global Equity Global Equit		34.87%	2.13%	10.85%	-4.45%	7.39%	-11.84%	11.44%	14.15%	4/27/2005	0.00%
GLO	Clough Global Oppor Global Alloc		34.77%	2.26%	10.75%	-4.79%	6.46%	-11.25%	13.02%	12.99%	4/25/2006	0.00%
IFN	The India Fund Inc Asia Equity		0.28%	1.32%	10.60%	-7.83%	4.03%	-11.86%	7.82%	9.07%	2/23/1994	0.00%
CAF	Morgan Stanley Chin:Asia Equity		--	1.72%	10.31%	-10.09%	4.16%	-14.25%	4.56%	9.81%	9/28/2006	2.30%
FTF	Franklin Limited Dura Limited Dura		28.42%	1.22%	10.21%	-1.61%	2.10%	-3.71%	4.35%	4.60%	8/27/2003	56.37%
EVG	Eaton Vance Short Di Limited Dura		9.63%	1.41%	10.17%	-1.54%	6.51%	-8.05%	3.64%	4.62%	2/28/2005	59.75%
JQC	Nuveen Credit Strate Senior Loans		36.08%	1.34%	9.95%	-4.72%	4.93%	-9.65%	3.89%	4.95%	6/25/2003	49.79%
ZTR	Virtus Total Return Fi Global Alloc		26.27%	1.37%	9.85%	3.17%	7.70%	-4.53%	7.65%	6.45%	2/24/2005	28.08%
DPG	Duff & Phelps Utility Sector Equit		28.32%	1.63%	9.54%	4.86%	10.74%	-5.88%	4.24%	1.50%	7/29/2011	18.10%

Medium-Term Return on NAV (last three years):

We then sort our list (of 190 funds) on a three-year return on NAV (in descending order, highest at the top) and select the top 10 funds.

Ticker	Name	Sector	Leverage %	Base Exp.	Distrib. Rate	Disc./ Premium	Excess Disc.	52 WK AVG Disc/ Premium	3YR Ann. NAV Return	5YR Ann. NAV Return	Inception Date	Distrib. Coverage
TWN	Taiwan Fund	Asia Equity	--	1.70%	8.89%	-15.87%	-0.42%	-15.45%	33.19%	26.20%	12/23/1986	0.00%
BST	BlackRock Science ar Sector Equity		0.22%	1.08%	5.05%	-4.33%	-7.47%	3.14%	30.76%	32.85%	10/29/2014	0.00%
STK	Columbia Seligman P Covered Call		--	1.16%	5.45%	1.65%	0.95%	0.70%	28.74%	28.10%	11/25/2009	0.00%
ACV	AllianzGI Diversified I US Allocation		13.69%	2.27%	5.66%	-2.37%	5.35%	-7.72%	25.96%	22.55%	5/27/2015	0.00%
ASG	Liberty All-Star Grow US Equity		0.62%	1.28%	7.90%	-0.35%	-7.07%	6.72%	25.82%	24.35%	3/14/1986	0.00%
CCD	Calamos Dynamic Cc Convertibles		30.64%	2.16%	7.40%	2.53%	5.57%	-3.04%	24.43%	20.55%	3/26/2015	32.24%
CSQ	Calamos Strategic Td US Allocation		27.70%	1.53%	6.75%	1.17%	0.98%	0.19%	20.91%	19.25%	3/26/2004	14.33%
CHY	Calamos Convertible Convertibles		31.69%	1.28%	7.35%	1.81%	8.71%	-6.90%	20.88%	17.83%	5/30/2003	44.23%
CHI	Calamos Convertible Convertibles		31.64%	1.29%	7.39%	1.51%	8.67%	-7.16%	20.77%	17.85%	6/28/2002	43.56%
CHN	China Fund	Asia Equity	0.00%	0.90%	7.97%	-10.59%	0.42%	-11.01%	19.93%	19.93%	7/10/1992	0.00%

Five-Year Annualized Return on NAV:

We then sort our list (of 190 funds) on the five-year return on NAV (in descending order, highest at the top) and select the top 10 funds.

Ticker	Name	Sector	Leverage %	Base Exp.	Distrib. Rate	Disc./ Premium	Excess Disc.	52 WK AVG Disc/ Premium	3YR Ann. NAV Return	5YR Ann. NAV Return	Inception Date	Distrib. Coverage
BST	BlackRock Science ar Sector Equity		0.22%	1.08%	5.05%	-4.33%	-7.47%	3.14%	30.76%	32.85%	10/29/2014	0.00%
STK	Columbia Seligman P Covered Call		--	1.16%	5.45%	1.65%	0.95%	0.70%	28.74%	28.10%	11/25/2009	0.00%
TWN	Taiwan Fund	Asia Equity	--	1.70%	8.89%	-15.87%	-0.42%	-15.45%	33.19%	26.20%	12/23/1986	0.00%
ASG	Liberty All-Star Grow US Equity		0.62%	1.28%	7.90%	-0.35%	-7.07%	6.72%	25.82%	24.35%	3/14/1986	0.00%
ACV	AllianzGI Diversified I US Allocation		13.69%	2.27%	5.66%	-2.37%	5.35%	-7.72%	25.96%	22.55%	5/27/2015	0.00%
CCD	Calamos Dynamic Cc Convertibles		30.64%	2.16%	7.40%	2.53%	5.57%	-3.04%	24.43%	20.55%	3/26/2015	32.24%
GF	New Germany	Single Count	3.90%	1.16%	9.06%	-10.83%	2.20%	-13.03%	17.52%	20.23%	1/30/1990	0.00%
CHN	China Fund	Asia Equity	0.00%	0.90%	7.97%	-10.59%	0.42%	-11.01%	19.93%	19.93%	7/10/1992	0.00%
CSQ	Calamos Strategic Td US Allocation		27.70%	1.53%	6.75%	1.17%	0.98%	0.19%	20.91%	19.25%	3/26/2004	14.33%
EOS	Eaton Vance Enhanci Covered Call		--	1.09%	5.06%	-0.97%	-0.64%	-0.33%	19.38%	19.07%	1/26/2005	0.00%

Coverage Ratio (Distributions vs. Earnings):

We then sort our list (of 190 funds) on the coverage ratio and select the top 10 funds. The coverage ratio is derived by dividing the earnings per share by the distribution amount for a specific period. Please note that in some cases, the coverage ratio may not be very accurate since the "earnings per share" may be three to six months old. But in most cases, it's fairly accurate.

Ticker	Name	Sector	Leverage %	Base Exp.	Distrib. Rate	Disc./ Premium	Excess Disc.	52 WK AVG Disc/ Premium	3YR Ann. NAV Return	5YR Ann. NAV Return	Inception Date	Distrib. Coverage
EHI	Western Asset Globa High Yield		30.47%	1.27%	7.66%	-2.69%	1.29%	-3.98%	8.64%	7.98%	7/29/2003	155.42%
AGD	Aberdeen Global Dyn Global Equity		3.06%	1.15%	6.57%	-9.46%	2.45%	-11.91%	12.43%	13.33%	7/26/2006	145.33%
DSL	DoubleLine Income S Global Incon		27.72%	1.68%	7.21%	-1.24%	1.18%	-2.42%	6.46%	8.42%	4/26/2013	129.47%
BGH	Barings Global Short High Yield		27.40%	1.65%	7.35%	-3.96%	5.51%	-9.47%	4.72%	7.61%	10/26/2012	127.35%
BANX	STONECASTLE FINAN Sector Equity		23.84%	3.39%	6.94%	4.64%	10.87%	-6.23%	4.40%	6.35%	11/7/2013	116.24%
KIO	KKR Income Opportu High Yield		36.06%	2.02%	7.63%	-2.31%	4.59%	-6.90%	8.53%	10.86%	7/26/2013	113.29%
WEA	Western Asset Premi Investment C		27.94%	0.95%	5.41%	-1.01%	3.04%	-4.05%	8.68%	7.68%	3/28/2002	112.98%
BSL	Blackstone Senior Flc Senior Loans		30.86%	1.76%	5.55%	-1.81%	6.04%	-7.85%	5.43%	7.17%	5/26/2010	111.62%
DBL	Doubleline Opportun Multi-Sector		17.17%	1.53%	6.63%	1.22%	1.23%	-0.01%	6.19%	4.67%	1/27/2012	109.38%
EVF	Eaton Vance Senior I Senior Loans		38.46%	1.73%	5.71%	-2.18%	3.49%	-5.67%	4.48%	6.50%	10/30/1998	108.39%

Excess Return Over Distribution:

This is the "excess return" provided by the fund over the distribution rate. It's calculated by subtracting the distribution rate from the three-year NAV return.

Ticker	Name	Sector	Leverage %	Base Exp.	Distrib. Rate	Disc./ Premium	Excess Disc.	52 WK AVG Disc/ Premium	3YR Ann. NAV Return	5YR Ann. NAV Return	Inception Date	Distrib. Coverage	Excess Return
BST	BlackRock Science ar Sector Equit		0.22%	1.08%	5.05%	-4.33%	-7.47%	3.14%	30.76%	32.85%	10/29/2014	0.00%	25.71%
TWN	Taiwan Fund	Asia Equity	--	1.70%	8.89%	-15.87%	-0.42%	-15.45%	33.19%	26.20%	12/23/1986	0.00%	24.30%
STK	Columbia Seligman P Covered Call		--	1.16%	5.45%	1.65%	0.95%	0.70%	28.74%	28.10%	11/25/2009	0.00%	23.29%
ACV	AllianzGI Diversified I US Allocation		13.69%	2.27%	5.66%	-2.37%	5.35%	-7.72%	25.96%	22.55%	5/27/2015	0.00%	20.30%
ASG	Liberty All-Star Grow US Equity		0.62%	1.28%	7.90%	-0.35%	-7.07%	6.72%	25.82%	24.35%	3/14/1986	0.00%	17.92%
CCD	Calamos Dynamic Cg Convertibles		30.64%	2.16%	7.40%	2.53%	5.57%	-3.04%	24.43%	20.55%	3/26/2015	32.24%	17.03%
EOS	Eaton Vance Enhanc Covered Call		--	1.09%	5.06%	-0.97%	-0.64%	-0.33%	19.38%	19.07%	1/26/2005	0.00%	14.32%
CSQ	Calamos Strategic Tc US Allocation		27.70%	1.53%	6.75%	1.17%	0.98%	0.19%	20.91%	19.25%	3/26/2004	14.33%	14.16%
CHY	Calamos Convertible Convertibles		31.69%	1.28%	7.35%	1.81%	8.71%	-6.90%	20.88%	17.83%	5/30/2003	44.23%	13.53%
CHI	Calamos Convertible Convertibles		31.64%	1.29%	7.39%	1.51%	8.67%	-7.16%	20.77%	17.85%	6/28/2002	43.56%	13.38%

Total Weight (Quality Score) calculated up to this point:

Note: The Total Weight calculation is not fully completed at this point since we have not taken into account the 10-year NAV return. Also, we would adjust the weight for the coverage ratio at a later stage. However, we select the top 15 names on this basis (instead of 10 for other criteria).

Ticker	Name	Sector	Leverage %	Base Exp.	Distrib. Rate	Disc./ Premium	Excess Disc.	52 WK AVG Disc/ Premium	3YR Ann. NAV Return	5YR Ann. NAV Return	Inception Date	Distrib. Coverage	Total Combined Weight
AGD	Aberdeen Global Dyn Global Equit		3.06%	1.15%	6.57%	-9.46%	2.45%	-11.91%	12.43%	13.33%	7/26/2006	145.33%	33.46
BST	BlackRock Science ar Sector Equit		0.22%	1.08%	5.05%	-4.33%	-7.47%	3.14%	30.76%	32.85%	10/29/2014	0.00%	32.92
AOD	Aberdeen Total Dyna Global Equit		0.09%	1.14%	6.79%	-8.96%	3.55%	-12.51%	12.06%	12.70%	1/26/2007	89.57%	32.37
ASG	Liberty All-Star Grow US Equity		0.62%	1.28%	7.90%	-0.35%	-7.07%	6.72%	25.82%	24.35%	3/14/1986	0.00%	32.23
AEF	Aberdeen Emerging M Emerging Ma		7.55%	1.27%	7.17%	-9.63%	4.01%	-13.64%	12.21%	13.23%	9/25/1989	48.13%	31.33
GF	New Germany	Single Count	3.90%	1.16%	9.06%	-10.83%	2.20%	-13.03%	17.52%	20.23%	1/30/1990	0.00%	30.88
TWN	Taiwan Fund	Asia Equity	--	1.70%	8.89%	-15.87%	-0.42%	-15.45%	33.19%	26.20%	12/23/1986	0.00%	30.65
CHN	China Fund	Asia Equity	0.00%	0.90%	7.97%	-10.59%	0.42%	-11.01%	19.93%	19.93%	7/10/1992	0.00%	30.41
FUND	Sprott Focus Trust	US Equity	1.44%	1.20%	5.49%	-9.43%	3.95%	-13.42%	10.82%	11.61%	3/11/1988	32.97%	30.18
SCD	LMP Capital and Incc Global Alloc		16.23%	1.25%	7.15%	-7.79%	4.52%	-12.31%	13.25%	9.16%	2/24/2004	41.33%	29.99
NFI	AllianzGI Div Interest Covered Call		--	0.95%	5.91%	-9.18%	2.88%	-12.06%	12.11%	10.47%	2/23/2005	10.16%	29.58
ETG	Eaton Vance Tax Adv Global Equit		17.89%	1.18%	5.79%	-4.45%	4.29%	-8.74%	14.99%	14.44%	1/30/2004	82.86%	29.41
RMT	Royce Micro-Cap Tru US Equity		3.55%	1.07%	6.24%	-10.84%	3.29%	-14.13%	16.06%	17.67%	12/14/1993	1.16%	29.09
DNIF	Dividend and Income US Allocation		3.70%	1.46%	6.72%	-23.69%	5.23%	-28.92%	14.41%	15.45%	6/29/1998	8.90%	29.02
IGR	CBRE Clarion Global Real Estate		20.31%	1.16%	6.67%	-7.69%	5.75%	-13.44%	11.43%	7.14%	2/18/2004	30.07%	28.46

Now we have 75 funds in total from the above selections. We will see if there are any duplicates. In our current list of 75 funds, there were 28 duplicates, meaning there are funds that appeared more than once. The following names appear twice (or more):

Appeared two times: AGD, CHI, CHY, GF (4 duplicates)

Appeared three times: ACV, CCD, CHN, CSQ, EOS, STK (12 duplicates)

Appeared five times: ASG, BST, TWN, (12 duplicates)

So, once we remove 28 duplicate rows, we are left with 47 (75-28) funds.

Note: It may be worthwhile to mention here that just because a fund has appeared multiple times does not necessarily make it an attractive candidate. Sometimes, a fund may appear multiple times simply for wrong reasons, like a high current discount, high excess discount, or a very high distribution rate that may not be sustainable. But during the second stage of filtering, it may not score well on the overall quality score due to other factors like poor track record. That said, if a fund has appeared four times or more, it may be worth a second look.

Narrowing Down to Just 10-12 Funds

In our list of funds, we already may have some of the best probable candidates. However, so far, they have been selected based on one single criterion that each of them may be good at. That's not nearly enough. So, we will apply a combination of criteria by applying weights to eight factors to calculate the total quality score and filter out the best ones.

We will apply weights to each of the eight criteria:

- Baseline expense (Max weight 5)
- Current distribution rate (Max weight 10)
- Excess discount/premium (Max weight 5)
- 3-YR NAV return (Max weight 5)

- 5-YR NAV return (Max weight 5)
- 10-YR NAV return (Max weight 5, if less than ten years history, an average of three-year and five-year)
- Excess NAV return over distribution rate (Max weight 5)
- Adjusted Coverage Ratio (Max weight 5): This weight is adjusted based on the type of fund to provide fair treatment to certain types like equity and sector funds. We assign some bonus points to certain types of funds, which by their make-up depend on capital gains to fund their distributions, to bring them at par with fixed-income funds. These fund types include Equity/ Sector equity (three bonus points), real estate (three points), covered call (two points), and MLP funds (variable). However, please note that this is just one of nine criteria that are being used to calculate the total quality score.

Once we have calculated the weights, we combine them to calculate "Total Combined Weight," also called the "Quality Score." The sorted list (spreadsheet) of 47 funds on the "combined total weight" is attached here.

[File-for-Export_-_5_Best_CEFs_for_July_2021.xlsx](#)

The top 30 funds (out of 50) based on the quality score also are listed below. Please note that the quality score only indicates the likeliness of a good candidate, but investors should do further research and due diligence on individual names. Also, an otherwise good fund may not make it to the top because it may have become expensive and may not offer value at the current pricing. Further, you will see in the following section that we should diversify in many asset classes. For example, there are five "Convertible" funds in the top 30, but we should just choose one or two from a specific asset class.

(ASG), (AGD), (BST), (AOD), (GF), (TWN), (CHN),
(ETG), (RMT), (FUND), (SCD), (NFJ), (GAB), (AEF),
(IGR), (OTCPK:DNIF), (EOS), (BBN), (CHI), (CHY), (FLC),
(BUI), (GLO), (STK), (GLQ), (ETV), (CAF), (CSQ), (IFN),
(WEA)

Sector-wise (Asset-class) Diversification:

In order to structure a CEF portfolio, it's highly recommended to diversify in funds that invest in different types of asset classes. In our list of 48, if we were to look at first on the basis of asset type (sector) and then based on the total quality score/weight, below is the list of top funds. However, if we had two similar funds from the same fund family, we have ignored the second one to avoid duplicity. Please note that some asset classes may not make it to the top due to the fact that these ratings are dynamic and time-sensitive and change from month to month.

Strategy / Asset-class/ Sector	Position-1	Position-2	Position-3
Covered Call	(NFJ)	(EOS)	(STK)
Global Equity	(AGD)	(AOD)	(ETG)
Global Allocation	(SCD)	(GLO)	
US Equity	(ASG)	(RMT)	(GAB)
US Allocation	(DNIF)	(CSQ)	(ACV)
High Yield (Convertibles/ Senior Loans/ High-Yield/ Credit Income/ Mortgage securities)			
4a. Convertible	(CHI)	(CHY)	(CCD)
4b. High Yield	(EHI)	(KIO)	(BGH)
4c. Senior Loans	(JQC)	(BSL)	
4d. Misc Bond			
Municipal – Taxable			
Municipal – Tax Exempt			
Preferreds	(FLC)		
Real Estate	(IGR)		
Utilities and Infrastructure	(UTG)		
CEF Sector Equity (Financial, Tech, Healthcare, etc.)	(BST)	(BUI)	
Emerging Mkt. Equity/Single country	(GF)	(TWN)	(AEF)
MLP			

If you were to select ten picks, we could simply pick the top one from each of the above categories. That said, due diligence on each name is still recommended. Please note that some of these funds have cut their distributions recently, and for some folks, that may be a good enough reason not to consider them. Also, in our final selection of 5 funds, we tend to give priority to funds that pay regular distributions on a monthly or quarterly basis. For example, some top funds, like TWN and CHN (both emerging market funds), pay very irregular dividends, so we are going to ignore them from our final selections.

Here's the list of the top 10 (top candidates from each of 10 asset classes):

Ticker	Name	Sector	Leverage %	Base Exp.	Distrib. Rate	Disc./Premium	Excess Disc.	52 WK AVG Disc/Premium	3YR Ann. NAV Return	5YR Ann. NAV Return	10YR Ann. NAV Return	Inception Date	Distrib. Coverage	Total Combined Weight
ASG	Liberty All-Star Growth BlackRock Science and Technology Trust	US Equity	0.62%	1.28%	7.90%	-0.35%	-7.07%	6.72%	25.82%	24.35%	15.59%	3/14/1986	0.00%	39.23
BST	BlackRock Science and Technology Trust	Sector Equity	0.22%	1.08%	5.05%	-4.33%	-7.47%	3.14%	30.78%	32.85%	n/a	10/29/2014	0.00%	38.26
GF	New Germany BlackRock Taxable Municipal Bond Trust Calamos Convertible Opp Inc	Single Country Equity	3.90%	1.16%	9.06%	-10.83%	2.20%	-13.03%	17.52%	20.23%	12.90%	1/30/1990	0.00%	37.88
BBN	Municipal Bond Trust Calamos Convertible Opp Inc	Taxable Muni	30.43%	0.92%	5.41%	0.85%	-2.18%	3.03%	9.27%	7.35%	9.72%	8/27/2010	96.48%	30.97
CHI	Flash&Crum Total Return Fund	Convertibles	31.64%	1.29%	7.39%	1.51%	8.67%	-7.16%	20.77%	17.85%	11.57%	6/28/2002	43.56%	30.88
FLC	Flash&Crum Total Return Fund	Preferreds	31.55%	1.14%	6.45%	4.87%	-0.45%	5.32%	11.55%	9.97%	10.69%	8/29/2003	98.44%	30.66
GLO	Clough Global Opportunities	Global Allocation	34.77%	2.26%	10.75%	-4.79%	6.46%	-11.25%	13.02%	12.99%	7.90%	4/25/2006	0.00%	30.02
ETV	Eaton Vance Tax-Managed Buy-Write Calamos Strategic Total Return	Covered Call	--	1.14%	8.14%	3.68%	-0.57%	4.25%	11.63%	12.34%	10.96%	6/27/2005	5.61%	29.51
CSQ	Western Asset Global High Income	US Allocation	27.70%	1.53%	6.75%	1.17%	0.98%	0.19%	20.91%	19.25%	13.66%	3/26/2004	14.33%	29.39
EHI	Western Asset Global High Income	High Yield	30.47%	1.27%	7.66%	-2.69%	1.29%	-3.98%	8.64%	7.98%	6.48%	7/29/2003	155.42%	28.21
UTG	Reaves Utility Income	Sector Equity	14.72%	1.10%	6.53%	1.75%	0.28%	1.47%	8.87%	6.93%	11.01%	2/24/2004	29.71%	26.62
AVERAGE			18.73%	1.29%	7.37%	-0.83%	0.19%	-1.03%	16.25%	15.64%	11.05%		40.32%	31.97

Final Selection: Our List of Final Top 5

Now, if we had only five slots for investment and need to select just five funds, we will need to make some subjective selections. However, we should be careful to select from different sectors (or asset classes). Since this step is mostly subjective, the choice will differ from person to person. Here are the selections for this month, based on our perspective:

- (ASG)
- (BST)
- (CHI)
- (ETV)
- (UTG)

Some information about the selections:

- ASG is our US equity fund this month. It is trading at a very slight discount. Besides, it has an excellent past record in terms of both growth and dividend distributions.

- Under the "Convertibles" category, CHI and CHY from the Calamos family have topped this month. We have selected CHI in our top five. CHI/ CHY maintained their distributions last year and have recently increased them.
- BST is the Science & Technology fund investing in high growth and tech companies like Apple, Microsoft, Alphabet, Amazon, Mastercard, and Lam Research. It also has significant international exposure.
- UTG has figured in our top five after a gap of few months. UTG invests primarily in Utility companies. It has a stellar record, but the distribution is a bit on the lower end. ETV is the covered-call fund from the Eaton Vance family.
- None of our top five funds reduced their distributions in the last 12 months. In fact, four of them (ASG, BST, CHI, and UTG) have actually increased the distributions.

Table: The Final 5 Funds:

Ticker	Name	Sector	Leverage %	Base Exp.	Distrib. Rate	Disc./ Premium	Excess Disc.	52 WK AVG Disc/ Premium	3YR Ann. NAV Return	5YR Ann. NAV Return	10YR Ann. NAV Return	Inception Date	Distrib. Coverage	Total Combined Weight
ASG	Liberty All-Star Growth	US Equity	0.62%	1.28%	7.90%	-0.35%	-7.07%	6.72%	25.82%	24.35%	15.59%	3/14/1986	0.00%	39.23
BST	BlackRock Science and Technology	Sector Equity	0.22%	1.08%	5.05%	-4.33%	-7.47%	3.14%	30.76%	32.85%	n/a	10/29/2014	0.00%	38.26
CHI	Calamos Convertible Opp Inc	Convertibles	31.64%	1.29%	7.39%	1.51%	8.67%	-7.16%	20.77%	17.85%	11.57%	6/28/2002	43.56%	30.88
ETV	Eaton Vance Tax-Managed Buy-Write Reaves Utility	Covered Call	--	1.14%	8.14%	3.68%	-0.57%	4.25%	11.63%	12.34%	10.96%	6/27/2005	5.61%	29.51
UTG	Income	Sector Equity	14.72%	1.10%	6.53%	1.75%	0.28%	1.47%	8.87%	6.93%	11.01%	2/24/2004	29.71%	26.62
AVEARGE ==>>			9.44%	1.18%	7.00%	0.45%	-1.23%	1.68%	19.57%	18.86%	12.28%		15.78%	32.90

CEF-Specific Investment Risks

It goes without saying that CEFs, in general, have some additional risks. This section is specifically relevant for investors who are new to CEF investing, but in general, all CEF investors should be aware of it.

- Leverage and high fees:

They generally use some amount of leverage, which adds to the risk. The leverage can be hugely beneficial in good times but can be detrimental during tough times. The leverage also causes higher fees because of the interest expense in addition to the baseline expense. In the tables above, we have used the baseline expense only. If a fund is using significant leverage, we want to make sure that the leverage is used effectively by the management team - the best way to know this is to look at the long-term returns on the NAV. NAV is the "net asset value" of the fund after counting all expenses and after paying the distributions. So, if a fund is paying high distributions and maintaining or growing its NAV over time, it should bode well for its investors.

- Volatility:

Due to leverage, the market prices of CEFs can be more volatile as they can go from premium pricing to discount pricing (and vice versa) in a relatively short period. Especially during corrections, the market prices can drop much faster than the NAV (the underlying assets). Investors who do not have an appetite for higher volatility should generally stay away from CEFs or at least avoid the leveraged CEFs.

- Premium over NAVs:

CEFs have market prices that are different from their NAVs (net asset values). They can trade either at discounts or at premiums to their NAVs. Generally, we should stay away from paying any significant premiums over the NAV prices unless there are some very compelling reasons.

- Asset-specific risk:

Another risk factor may come from asset concentration risk. Many funds may hold similar underlying assets. However, this is easy to mitigate by diversifying into different types of CEFs ranging from equity, equity covered calls, preferred stocks, mortgage bonds, government and corporate bonds, energy MLPs, utilities, and municipal income.

Concluding Thoughts

We use our screening process to highlight five likely best closed-end funds for investment each month. As always, our filtering process demands that our selections have an excellent long-term record, maintain decent earnings to cover the distributions (in certain categories), offer an average of 7%-8% distributions, and are cheaper on a relative basis, and offer a reasonable discount. Also, we ensure that the selected five funds are from a diverse group in terms of the types of assets. Please note that these selections are based on our rating system and dynamic in nature. So they can change from month to month (or even week to week). At the same time, some of the funds can repeat from month to month if they remain attractive over an extended period.

The selected five CEFs this month, as a group, are offering an average distribution rate of 7.00% (as of 07/09/2021) and an excess discount of -1.23%. Besides, these five funds have an excellent past record and collectively returned 19.57%, 18.66%, and 12.28% in the last three, five, and ten years (BST has less than a 10-year record). Since this is a monthly series, there may be some selections that could overlap from month to month.

When it comes to CEF investing, we always recommend that it's best to be a bit conservative and should build our positions by adding in small and multiple lots to take advantage of dollar-cost averaging. We believe that the above group of CEFs makes a great watch list for further research.

High Income DIY Portfolios

By Financially Free Investor

High Income DIY Portfolios: The primary goal of our "High Income DIY Portfolios" Marketplace service is high income with low risk and preservation of capital. It provides DIY investors with vital information and portfolio/asset allocation strategies to help create stable, long-term passive income with sustainable yields. We believe it's appropriate for income-seeking investors including retirees or near-retirees. We provide ten portfolios: 3 buy-and-hold and 7 Rotational portfolios. This includes two High-Income portfolios, a DGI portfolio, a conservative strategy for 401K accounts, and a few High-Growth portfolios. For more details or a two-week free trial, please [click here](#).

This article was written by



Financially Free Investor

40.72K Followers

Author of [High Income DIY Portfolios](#)

High-income, lower-risk portfolios suited for income-seeking investors.

Disclosure: I/we have a beneficial long position in the shares of ABT, ABBV, JNJ, PFE, NVS, NVO, UNH, CL, CLX, GIS, UL, NSRGY, PG, KHC, ADM, MO, PM, BUD, KO, PEP, D, DEA, DEO, ENB, MCD, BAC, PRU, UPS, WMT, WBA, CVS, LOW, AAPL,

IBM, CSCO, MSFT, INTC, T, VZ, VOD, CVX, XOM, VLO, ABB, ITW, MMM, LMT, LYB, ARCC, AWF, CHI, DNP, EVT, FFC, GOF, HCP, HQH, HTA, IIF, JPC, JPS, JRI, KYN, MAIN, NBB, NLY, NNN, O, OHI, PCI, PDI, PFF, RFI, RNP, RQI, STAG, STK, USA, UTF, TLT either through stock ownership, options, or other derivatives. I wrote this article myself, and it expresses my own opinions. I am not receiving compensation for it (other than from Seeking Alpha). I have no business relationship with any company whose stock is mentioned in this article.

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54 Likes

59 Comments

Comments (59)

Sort by

Newest



G-man\$\$

Today, 3:48 AM



Comments (1.82K) | + Follow

I hold full positions in three of the top five funds. It's nice to see my picks reaffirmed. Long ASG, BST and UTG

↩ Reply

👍 Like (1)



oagfy

Yesterday, 11:02 PM



Comments (873) | + Follow

Good job, nicely done.

↪ Reply 👍 Like (1)



ribana75

Yesterday, 10:18 PM



Comments (1.76K) | + Follow

Any thoughts on GF?

Thanks for your article

↪ Reply 👍 Like



movetohawaii

Yesterday, 9:05 PM



Comments (591) | + Follow

I must be doing something right. I own 4 of the top 5 and 7 of the top 10. I don't own CHI. I own CCD instead but I counted it as a substitute for your CHI to come up with 4 of the 5. Does that count ? Lol!

I recently sold STK and I sold BST on the rights offering announcement. I've got enough tech exposure in other CEF's. Both are very good funds but not with tech at these lofty valuations IMHO.

Thanks for the CEF article. I look forward to them every month

(edited)

↪ Reply 👍 Like



Financially Free Investor

Yesterday, 10:26 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply @movetohawaii - Appreciate the comment.

All the best.

↪ Reply 👍 Like (1)



albertciampi

Yesterday, 5:59 PM



Premium

Comments (136) | + Follow

Investing in CEF 'a are new to me. I recently bought UTG and hoping for a steady monthly income.

↪ Reply 👍 Like (3)



Financially Free Investor

Yesterday, 10:27 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply @albertciampi - UTG is a good conservative pick. Sure, it is expensive right now, so it is best to accumulate over a period of time. Thanks.

↪ Reply 👍 Like (2)



clrodrick

Yesterday, 5:02 PM



Comments (11.65K) | + Follow

I like and already own all five picks for this month. Only one I added to this past week was BST. Thanks for a great series of articles!

↪ Reply 👍 Like (2)



Financially Free Investor

Yesterday, 10:31 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply @clrodrick - Thank you, appreciate the comment.

↪ Reply 👍 Like



thedoc5350

Yesterday, 3:21 PM



Marketplace

Comments (265) | + Follow

Always greatly appreciate your articles, and have generally found reasons to own closed end funds through the years. But as a group, CEFs seem to be trading at unreasonably rich levels right now. And the leverage; fees; illiquidity; and other risks are still there. Just don't see the potential for attractive returns here, other than in a relative sense.

Sorry, somebody had to say it.

Reply Like (4)



clrodrick

Yesterday, 5:07 PM



Comments (11.65K) | + Follow

[@thedoc5350](#) - I believe you are correct that most of the blood has been squeezed out of the turnips so to speak. However even though capital gains expectations should be lowered for many of these funds the nice yield is still attractive for those looking for income without having to sell shares. As March 2020 showed though, when these funds drop they drop *hard*!

Reply Like



ALLDAY1

Yesterday, 5:10 PM



Comments (3.46K) | + Follow

[@thedoc5350](#)

Nothing to feel sorry about..It's called being honest with how you feel and if someone disagrees , well that's OK as well as it is your money you should be able to express your reasoning. Of course there will always be some who disagree for various reasons, but you have to look out for yourself and not them.

Wishing you the best

Allday

↪ Reply 👍 Like (5)



Financially Free Investor

Yesterday, 10:31 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply [@thedoc5350](#) - Appreciate your comment. I mostly agree that just like the rest of the stock market, CEFs are expensive. So, these are basically candidates to be kept on the watch-list, or one should accumulate over multiple lots. Thanks.

↪ Reply 👍 Like



BTinSF

Yesterday, 2:51 PM



Premium

Comments (906) | + Follow

You consistently pick CHI and CHY over CCD and I can't figure out why. I've owned CCD for a long time and according to the CEFA site it has a slightly better track record. Why do you reject it in favor of the other two?

I might mention that ASG and BST are among my largest positions also so we mostly think alike except for this consistent exception.

↪ Reply 👍 Like



Financially Free Investor

Yesterday, 10:24 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply @BTinSF - I think CCD is as good as CHI or CHY. It is just that CHI and CHY have a longer history and my filtering gives extra weightage because of 10-year performance. But there was a minor difference in the overall weightage. So, if you own CCD, it is an equally good fund from the same fund family. Thanks.

↪ Reply 👍 Like (1)



cspring

Yesterday, 2:46 PM



Comments (193) | + Follow

Thank you. Your articles are wonderful. Long UTG, ETV and CHY. I'm waiting for ASG's price to pull back a little more before I pull the trigger.

↪ Reply 👍 Like



Financially Free Investor

Yesterday, 10:20 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply @cspring - Thank you. I am glad you find my articles useful. All the best.

Reply Like



hawkeyec

Yesterday, 2:09 PM



Premium

Comments (3.04K) | + Follow

@Financially Free Investor

Love this series. Great approach. I've acquired many winners from your cuts.

Reply Like (3)



Financially Free Investor

Yesterday, 10:19 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply @hawkeyec - Thank you, appreciate the comment.

Reply Like



Marrk

Yesterday, 12:48 PM



Comments (636) | + Follow

Good article. Thank you.

Reply Like (1)



Kelbor Del

Yesterday, 11:53 AM



Marketplace

Comments (4.94K) | + Follow

Much appreciated. Thank you!

↪ Reply 👍 Like (2)



craftbrewinfo

Yesterday, 11:13 AM



Comments (3.72K) | + Follow

Wow.. that's a lot to digest. Going to have to go through this a few times to absorb what was presented. I am pleased that on my own I picked ASG.. I found that by looking at USA, and that fund was trading at a big premium ..

↪ Reply 👍 Like



DerekCheung

Yesterday, 11:11 AM



Premium

Marketplace

Comments (310) | + Follow

[@Financially Free Investor](#) would you be able to do a review (even one time only) of Canadian CEFs for your friends in Canada? This is a big ask, but I'm thinking that there are many Canadians like me who would really appreciate it. For example, my current US currency related income including US CEFs is about 40% and I would like to see if I can reduce that currency risk/variability.

Thanks!

↪ Reply 👍 Like



ALLDAY1

Yesterday, 11:26 AM



Comments (3.46K) | + Follow

@DerekCheung

Maybe you already know but iff you do not there is a link that seems to be devoted to Canadians like yourself that may be of help

[www.financialwisdomforum.org/...](http://www.financialwisdomforum.org/)

Allday

↪ Reply 👍 Like (2)



Heiko Hofheinz

Yesterday, 12:41 PM



Comments (130) | + Follow

@DerekCheung I would be interested in that too. Of my 17 CEF, 4 are Canadians. EIT.UN, DFN, DS and PRM.

↪ Reply 👍 Like (1)



DerekCheung

Yesterday, 1:38 PM



Premium

Marketplace

Comments (310) | + Follow

@ALLDAY1 thanks!

↪ Reply 👍 Like

[See More Replies](#)



usiah

Yesterday, 10:52 AM



Comments (9.63K) | + Follow

Very helpful. Thank you, Financially Free.

Retired income investor

↪ Reply 👍 Like (1)



Financially Free Investor

Yesterday, 10:12 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply @usiah - Thank you, appreciate the comment.

Reply Like



John R. Clark

Yesterday, 10:29 AM



Comments (1.67K) | + Follow

Good summer day, all. Speaking of inflation, I just heard of some relatives calling off their customary August vacation because of the high cost of rental cars --- \$400 per day. I haven't verified this but I believe it.

We shouldn't be surprised by prices of certain goods and services rising near the end of some crisis after having crashed at the start of it. A car- rental agency that liquidated most of its fleet in a pandemic cannot replace those cars as quickly as travel and leisure resume.

We also have read of lumber soaring this year, although it is reportedly dropping ... in part because of scarce construction labor. There is no sense to frame a house now, with no way in sight to get it wired and plumbed.

These matters will sort themselves out in good time. It has been a long while since many assorted price levels have risen so grossly nationwide. As noted by our host author today, the data on inflation are too muddled to know its "true" rate, if there is one.

On a final note, the longer a term over which price increases of specific goods are tracked, the less sense it all makes. Are a loaf of bread, a TV set, a vehicle and a set of tires this year all the "same" as in 1971?

When you can't tell how serious inflation is or soon will be, better in my view not to make drastic changes to hedge against it, heedless of

the costs and risks of doing so. Buying a second home means a lot of expense and possibly, just when you've grown tired of holding it to no good use, its value crashing.

My own plan is to keep looking for small economies and to adjust my mix of holdings only gradually. A sound plan to begin with needs no more than that.

Thanks, everyone! Have a cool weekend!

↪ Reply 👍 Like (3)



ALLDAY1

Yesterday, 11:32 AM



Comments (3.46K) | + Follow

[@John R. Clark](#) Car rental prices about \$66 per day ...you can check it out depending on area you are in. In some places there are no cars available.

Allday

↪ Reply 👍 Like



Rebel Patriot

Yesterday, 12:10 PM



Marketplace Comments (24) | + Follow

[@ALLDAY1](#) Just rented a car in Fort Myers Florida. With taxes and fees was \$348 for eight days. My daughter and I were looking to take a trip out to Montana to visit a park and the cheapest rental we found for a week was \$2000. Thinking we might wait till next year. You're right, prices are all over the place.

↪ Reply 👍 Like (1)



ALLDAY1

Yesterday, 12:53 PM



Comments (3.46K) | + Follow

@Rebel Patriot Well that's about \$30 a day which is much less than \$400 daily and of course it depends on the car, etc, etc and where it is available.

I only mentioned it as my Son is in Management of a rental Car Company and I asked him and he said , location, type of car, etc , etc also availability He said many people are renting as flying still means renting or using Uber and people are still afraid of covid when flying.

...

Allday

➔ Reply 👍 Like

[See More Replies](#)



ALLDAY1

Yesterday, 10:16 AM



Comments (3.46K) | + Follow

I have always been a believer in CEF's mainly because that is basically where I started when investing and they have proven over the years to pay great dividends but do so in most cases every month.

I have EOS, ETB, ETY, ETV, GOF, UTG, UTF, PTY, PDI, PCI, PKO, PDO, RA

Of course now with the consolidation of the 3 upcoming Pimco funds of PCI and PKO becoming part of PDI (I am assuming a positive vote) I again will look at strengthening my presence in the CEF world PDO for me is a recent acquisition and was started with what I call left over money from other buys. As someone who stays 99% fully invested, I will actually buy 1 share if the money for one one exists.

Allday

➔ Reply 👍 Like (5)



DerekCheung

Yesterday, 11:13 AM



Premium

Marketplace

Comments (310) | + Follow

@ALLDAY1 Thanks very much for sharing. This is a very helpful post.

↩ Reply 👍 Like (1)



craftbrewinfo

Yesterday, 11:17 AM



Comments (3.72K) | + Follow

@ALLDAY1 haha I do that too! You buy the stalwarts and whatever is left buy some CEF's for \$8.95

The elimination of brokerage fees has opened up these Possibilites

↩ Reply 👍 Like (3)



villanema

Yesterday, 3:58 PM



Comments (1.26K) | + Follow

@ALLDAY1 similar to your self I have significant investments in both Guggenheim and PIMCO. However, I am unable to make a decision as how it all ends. So I am holding until the mergers are finalized and make decisions to reinvest if the results are positive.

↩ Reply 👍 Like (1)

[See More Replies](#)



James 62

Yesterday, 10:11 AM



Comments (376) | + Follow

Thank you sir. I have been in BST for a few years. Recently during the secondary offering it has dropped quite a bit. I doubled down in the low 50s. According to the charts it should hold 51 or 52. I think the next support is around 45. Don't want to see that.

↪ Reply 👍 Like (3)



clrodrick

Yesterday, 5:03 PM



Comments (11.65K) | + Follow

[@James 62](#) - I agree! I added also in low \$50s, funny how much higher that cost basis than my original buys but dems the brakes for adding to a very successful CEF

↪ Reply 👍 Like



Border Dawg

Yesterday, 10:01 AM



Comments (37) | + Follow

Thanks for the article. I own UTG and will have to take a closer look at the other four.

↪ Reply 👍 Like (1)



Financially Free Investor

Yesterday, 10:10 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply [@Border Dawg](#) - Thanks for reading. All the best.

↪ Reply 👍 Like



DerekCheung

Yesterday, 9:47 AM



Premium

Marketplace

Comments (310) | + Follow

Super useful. Thanks!

↪ Reply 👍 Like



Financially Free Investor

Yesterday, 10:09 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply @DerekCheung - Thank you, appreciate it.

↪ Reply 👍 Like



Seatonmanagement

Yesterday, 9:40 AM



Comments (770) | + Follow

Thank you. I look forwards to your reports each month, CEFs especially. I especially thank you for your Disclosure at the end, of what else you hold.

↪ Reply 👍 Like (1)



Financially Free Investor

Yesterday, 10:09 PM



Marketplace Contributor

Premium

Comments (2.59K) | Following

Author's Reply @Seatonmanagement - Thank you for reading and commenting. All the best.

↪ Reply 👍 Like