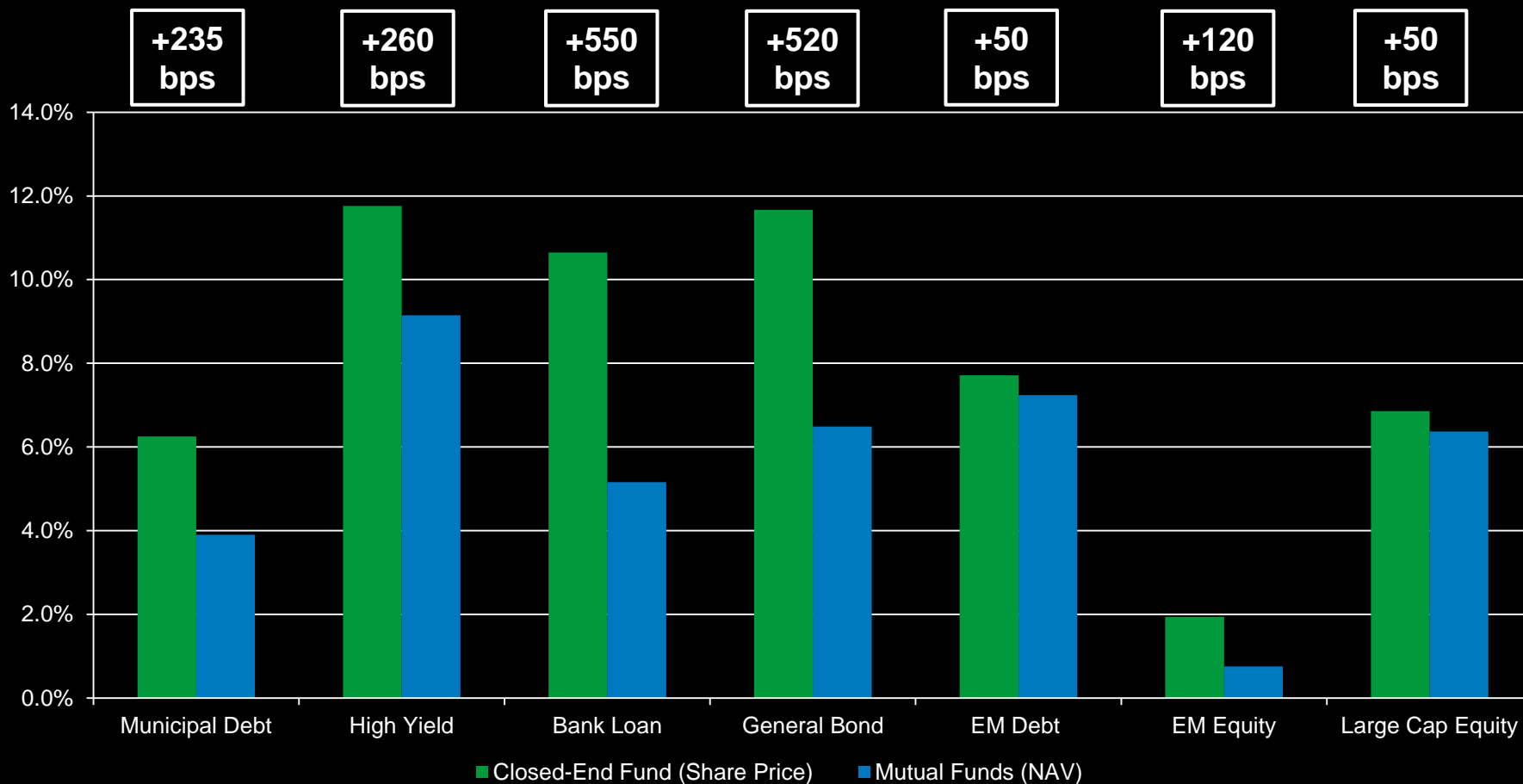


**Potential Benefits of  
Investing in Closed-End Funds**  
Jon Diorio, BlackRock Closed-End Funds

October 2013

# Performance of Closed-End Funds vs. Mutual Funds

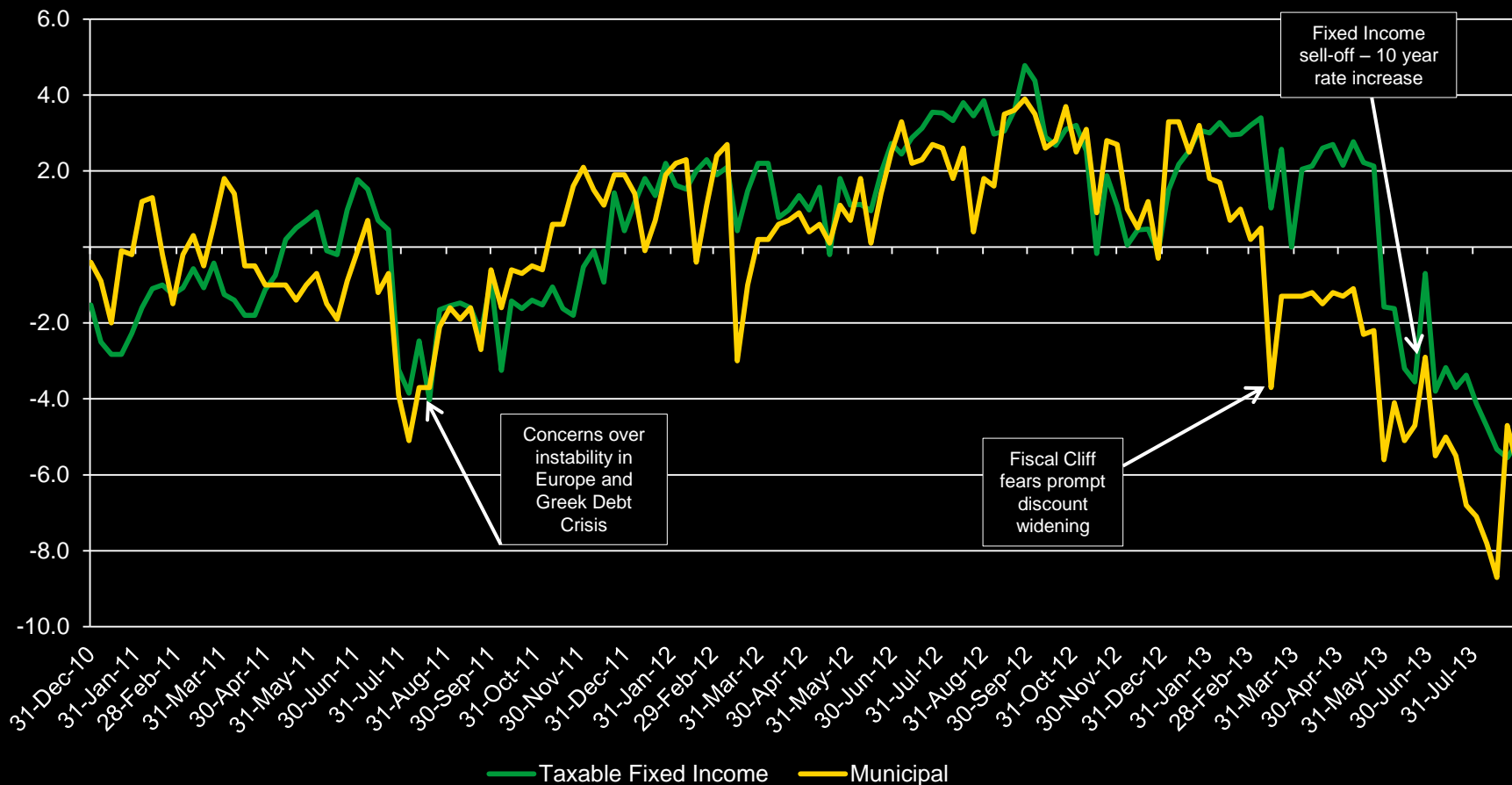
## 5-Year Annualized Total Return of Closed-End Funds & Mutual Funds Lipper Classifications



Source: Lipper LANA. Data as of 8/31/2013. Returns show the share price return of the CEF and the NAV return of the OEF. Lipper classifications, across both CEFs and OEFs, are listed in the axis. Large Cap Equity compares the Options Arbitrage CEF Lipper Class to the Large Cap Core OEF Lipper Class. Past performance is no indication of future results.

# Closed-End Funds May Be Impacted By Market Sentiment

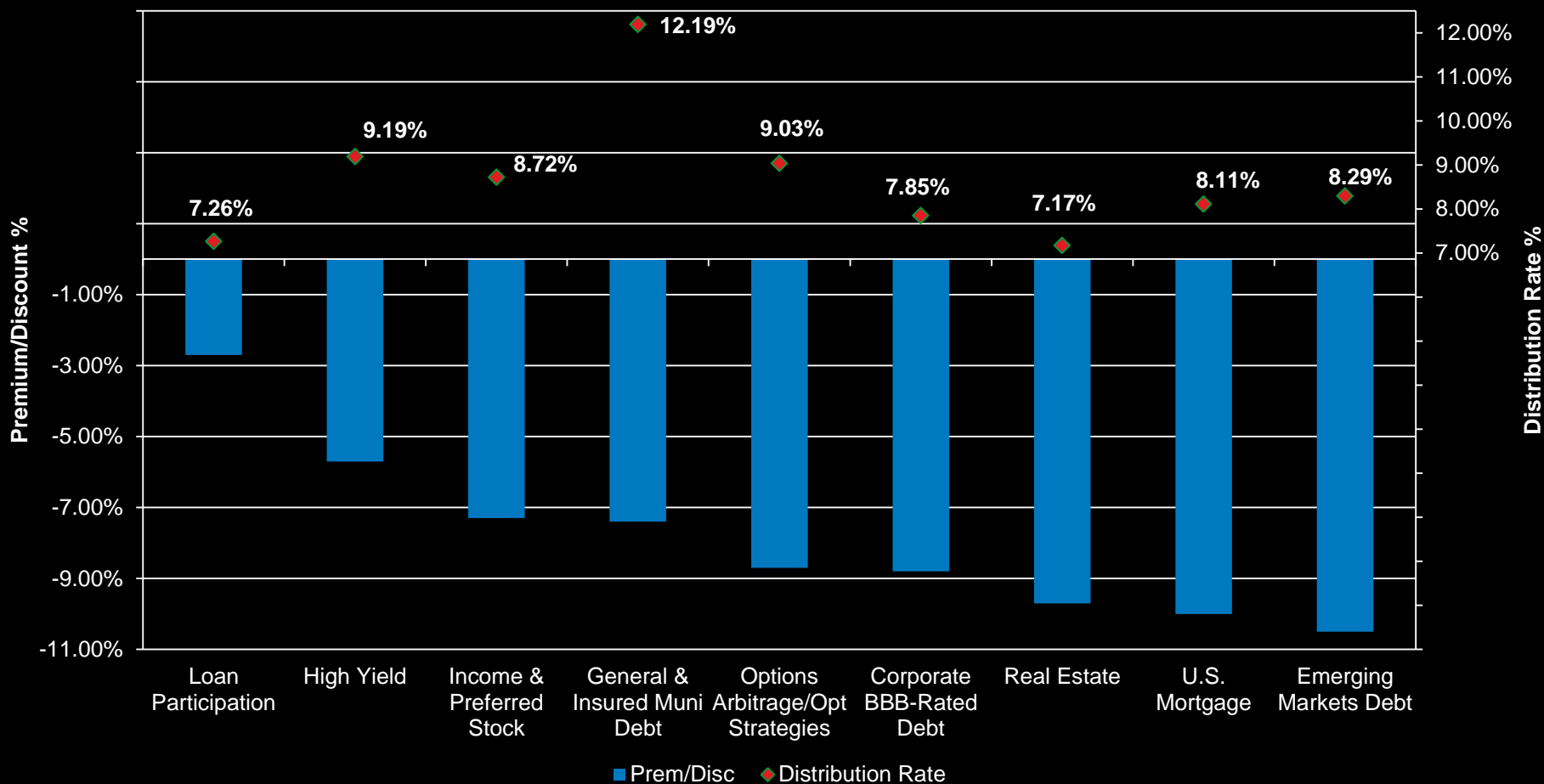
Average Closed-End Fund Premium / Discount: January 2011 – August 2013



Source Lipper as of 8/31/2013. Taxable fixed income is represented by Lipper categories: Corporate BBB-Rated Debt Funds (Levered), General Bond Funds, High Yield Funds (Levered), and Loan Participation Funds. Equity is represented by Lipper categories: Options Arbitrage/Opt Strategies Funds and Sector Equity Funds. Municipal Category is represented by Lipper General & Insured Municipal Funds (Levered)

# Yield vs. Discount of Closed-End Funds

## Closed-End Fund Secondary Market By Fund Type



Source: Lipper LANA as of 8/31/2013. Categories shown are averages of the Lipper Classifications listed. Distribution Rate is on share price. Tax Equivalent yield is shown for Municipal categories assuming a 39.6% tax rate.

# The Importance of looking at total return

## BlackRock believes investors should focus on total return when evaluating a fund's performance

- ▶ Total return takes price appreciation and adds back fund distributions
- ▶ Failing to include distribution income into return can significantly understate performance.
- ▶ Financial statements often only show simple price return and fail to include distributions, which represent a very real increase in investor wealth

### Equity Covered Call CEF's – Simple Price Return vs. Total Return



Source: Lipper LANA. Data as of 9/27/2013. Price return is represented by NAV. Total return is NAV return, including distributions. Returns are cumulative. Equity covered call category represented by Lipper category Options Arbitrage/Option Strategies Funds