

# CLOSED-END FUND ASSOCIATION, INC.

FOR IMMEDIATE RELEASE

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FOR MORE INFORMATION

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## 2000 PERFORMANCE SUMMARY

### Domestic Equity and Municipal Bond Funds Lead Closed-End Performance for Year

(Kansas City, MO)—In a benchmark-beating year, domestic equity closed-end funds delivered strong positive average total returns during the year 2000. **The domestic equity category delivered 11.2% and 7.3% average total return based on market price and net asset value performance, respectively. The category beat the S&P500 Index, which delivered a –9.1% for the year,** by 20.3% for the year ending December 31, 2000. Throughout the year, discounts narrowed for domestic equity closed-end funds, contributing to a boost in the sector.

An even stronger performance was delivered by the closed-end municipal bond fund category which posted 16.7% and 15.6% average total returns based on market price and net asset value. The built-in advantage of closed-end funds to offer investors leverage was a key factor in boosting municipal bond funds. Many of the funds in the category are leveraged, which enabled them to achieve equity-like returns as tax-free interest rates declined.

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Investment Results for Periods Ended December 31, 2000

	4Q		1 Year		5 Years (Annualized)	
	Price	NAV	Price	NAV	Price	NAV
<b>Domestic Equity Closed-end Funds<sup>1</sup> (55)</b>	-2.7%	-4.5%	<b>11.2%</b>	<b>7.3%</b>	12.4%	13.1%
General Domestic Equity Closed-end Funds (18)	-4.1%	-5.1%	9.3%	1.9%	17.2%	16.9%
Convertible Closed-end Funds (8)	-4.6%	-8.0%	12.2%	-0.7%	9.8%	10.8%
<b>International Equity Closed-end Funds<sup>2</sup> (68)</b>	-8.8%	-9.3%	<b>-23.5%</b>	<b>-22.2%</b>	-0.7%	2.4%
<b>Taxable Income Closed-end Funds<sup>3</sup> (122)</b>	-1.0%	-1.3%	<b>13.6%</b>	<b>2.1%</b>	6.8%	6.2%
Corporate High Yield Closed-end Funds (28)	-11.9%	-11.9%	1.9%	-16.5%	2.4%	1.4%
Corporate Loan Closed-end Funds (5)	-6.0%	-2.2%	6.5%	2.6%	5.0%	5.9%
Investment Grade Bond Closed-end Funds (15)	7.4%	3.7%	23.3%	10.6%	6.9%	6.6%
<b>Municipal Closed-end Funds<sup>4</sup> (216)</b>	2.9%	5.9%	<b>16.7%</b>	<b>15.6%</b>	6.0%	5.8%

Source: *Wiesenberger, First Union Securities*

<sup>1</sup> Includes general, small cap, sector, convertible, preferred and income-oriented equity funds.

<sup>2</sup> Includes international, regional and country equity funds.

<sup>3</sup> Includes corporate bond and loan, investment grade, government, mortgage and international income funds.

<sup>4</sup> Includes national and single state municipal income funds.

Past performance is no guarantee of future results.

The prices of closed-end funds may trade at a discount or a premium to their net asset values.

Investment value and return will fluctuate so that shares may be worth more or less than original value when sold.

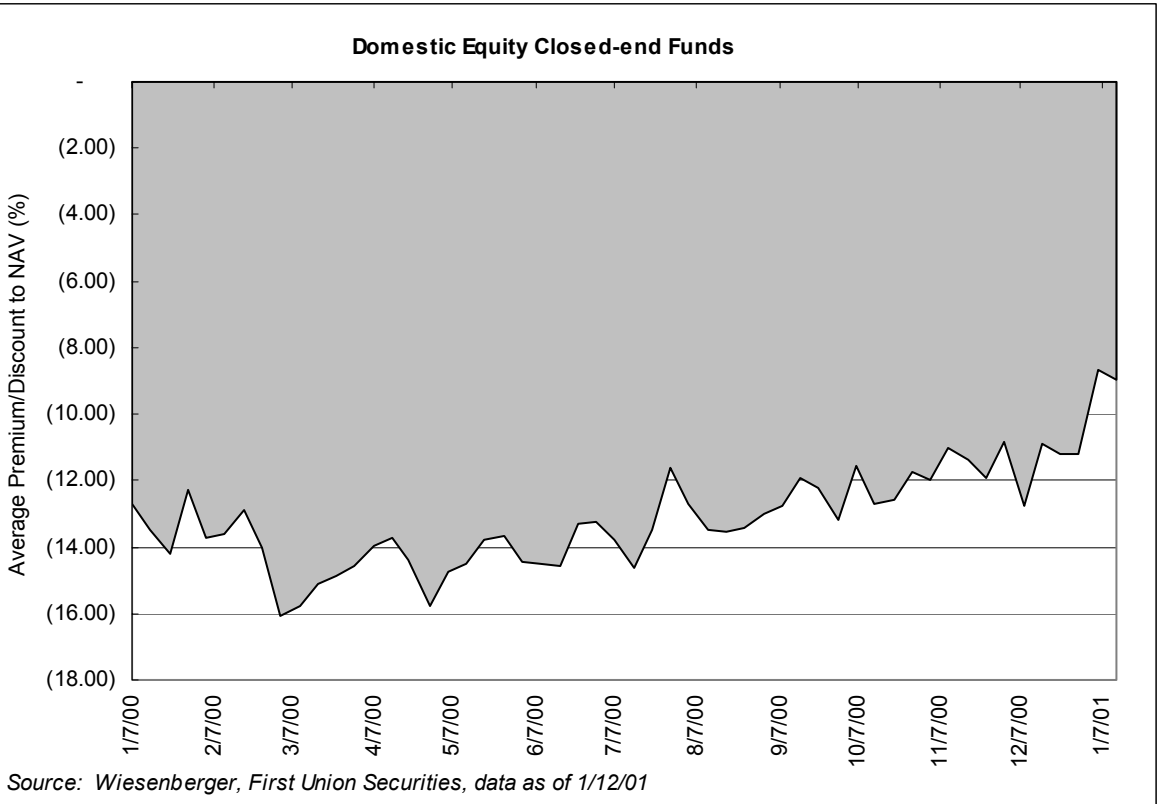
Specialized funds, like those whose assets holdings are high yield or international equities, are subject to additional risks than diversified closed-end funds.

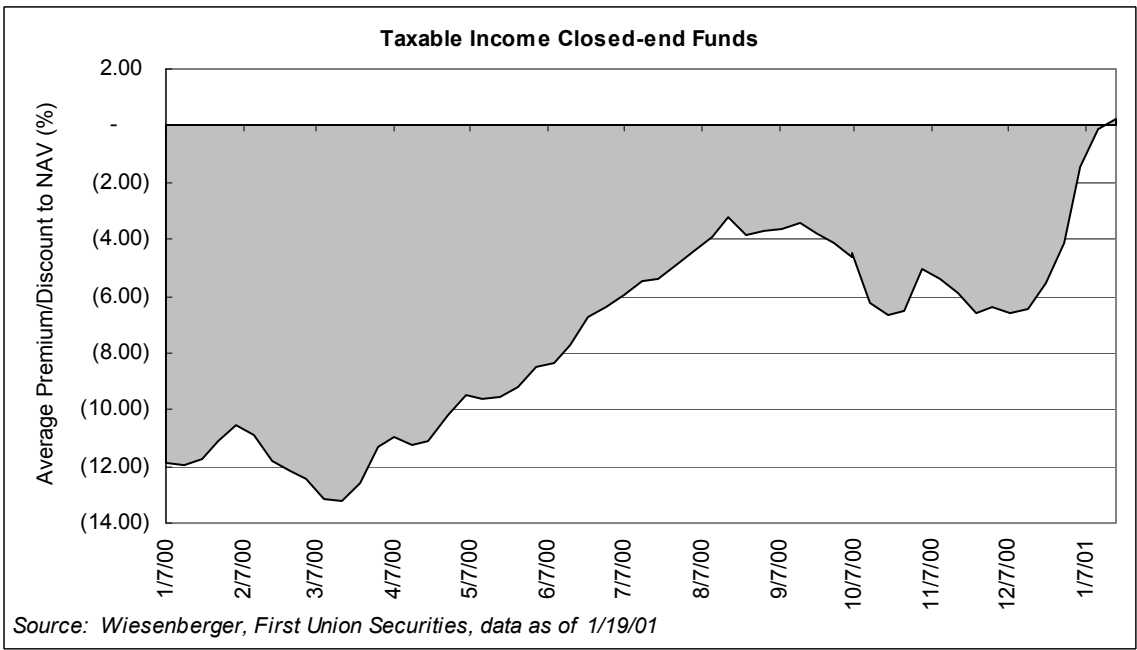
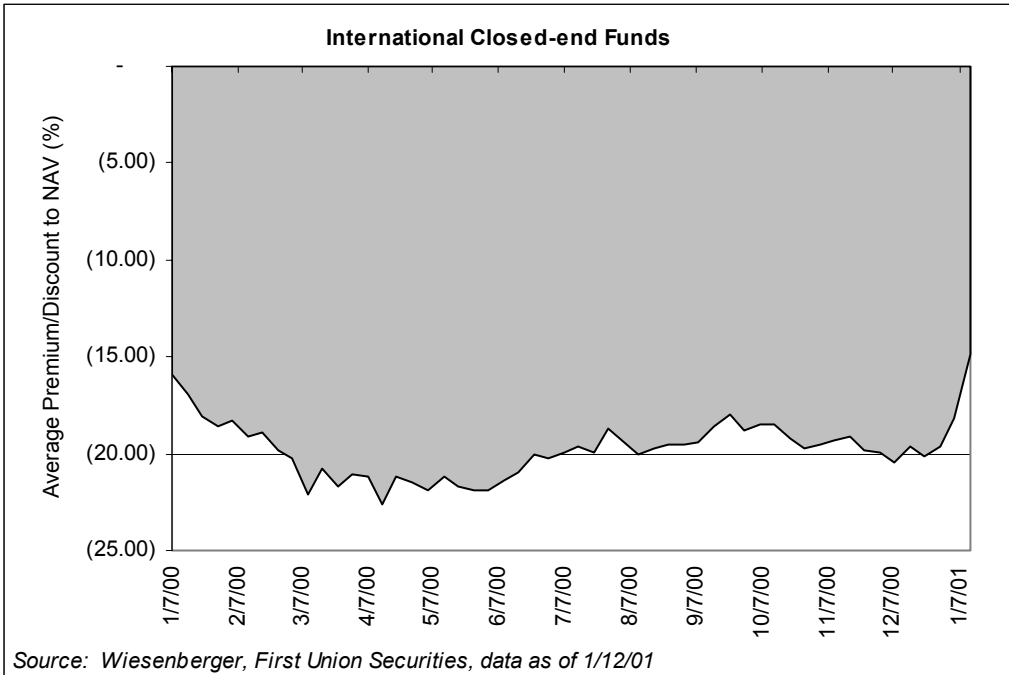
In addition to these two sectors, taxable closed-end income funds delivered positive average total returns posting 13.6% and 2.1% returns in 2000, based on market price and net asset value. The only negative category on the year was international equity. The sector posted overall negative returns of -23.5% and -22.2% based on market price and net asset value. The group experienced weak returns across the board in Asia, Europe and Latin America, as discounts generally widened.

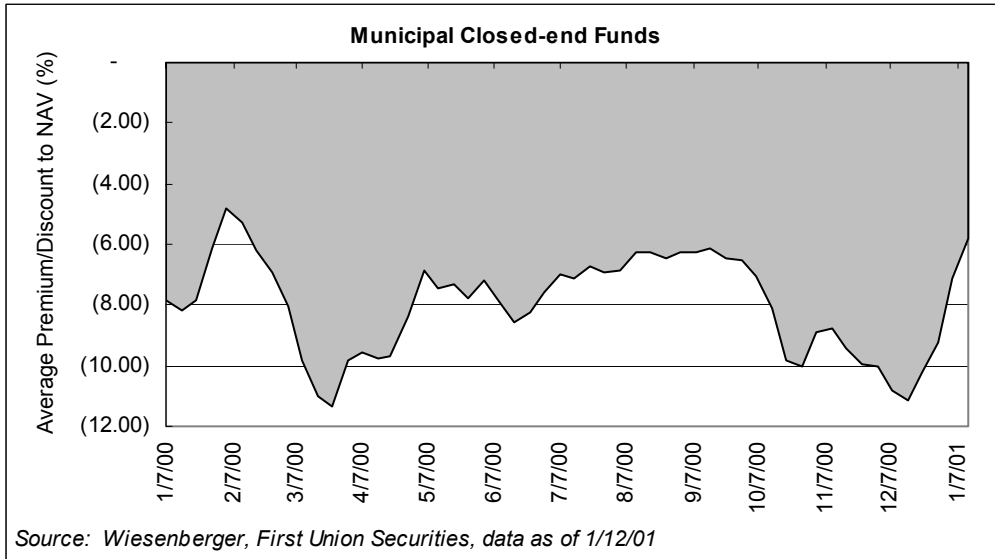
Fourth quarter closed-end fund performance mirrored the general markets and was weaker than much of the year. Only municipal funds posted positive returns during the quarter.

Other observations and comments regarding performance include:

- The market price for domestic equity CEFs outperformed NAV returns over the past year, 11.2% versus 7.3%.
- **The total difference between market and NAV performance for the domestic equity category over the past five years was only 0.7% on an annual basis.** The result lends strength to the industry's position that CEF's are long-term performance vehicles. While CEF discounts play an important role allowing investors to reinvest dividends at discount, the difference between the NAV and market price tends to be mitigated over long-term performance periods.
- The same trend between market and NAV performance on one- and five-year bases was also evident in the taxable and municipal income fund categories. The market price performance for taxable income funds versus NAV performance was 13.6% versus 2.1% for the year ending December 31, 2000. Over the past five years the annualized returns were 6.8% versus 6.2%, or only 0.6% per year. The market price versus NAV performance for municipal bond funds over the past year varied slightly, 16.7% versus 15.6%, while the annualized five-year performance was 6.0% versus 5.8%, respectively, a scant variance of 0.2% a year.
- Total return performance for municipal bond CEFs was quite strong in 2000 as the average market price return was 16.7%.







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