2015 Review: Challenging Year in CEFs due to More Global Uncertainty, Interest Rate Fears, & Commodity Price Declines

Closed-End Fund (CEF) Market Performance Highlights:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity CEFs</td>
<td>-11.7%</td>
<td>+8.0%</td>
<td>+13.5%</td>
</tr>
<tr>
<td>Taxable Bond CEFs</td>
<td>-5.0%</td>
<td>+4.2%</td>
<td>+0.2%</td>
</tr>
<tr>
<td>Matisse Discounted Closed-End Fund Strategy</td>
<td>-6.6%</td>
<td>+9.6%</td>
<td>+7.7%</td>
</tr>
</tbody>
</table>

Equity/balanced CEFs started 2015 at a historically wide discount level of 8%, then widened to over 11% in the third quarter, before settling at the end of 2015 at 10.2%. Taxable bond CEFs also started 2015 at an 8% discount and widened to over 11% in the third quarter before finishing 2015 at 8.6%. In early 2016, discounts have widened even further!

2015 was clearly not the “discount narrowing” year that we expected (or that history shows typically happens from the 8% level). In fact since 1988, discounts are narrower than today’s levels 85% of the time, and average around 3.5% historically. For 2015, CEFs endured the Fed lift off (and its anticipation) and a further dramatic decline in oil prices. MLP CEFs returned -40% for the year, and Emerging Market equities and bonds also took a beating, declining as the U.S. dollar strengthened.

Matisse’s portfolio had a year-end average 15.8% discount and 9.6% distribution yield (see Strategy Performance Highlights).

What’s Happening at Matisse

- The Matisse Discounted Closed-End Fund Strategy has now hit its 10-Year mark as of year-end! It has annualized at 7.5% over the past 10 years compared to 7.3% for the S&P 500, while taking on significantly less equity risk.

- On December 1st, Bryn was featured on MutualFundObserver.com in its Elevator Talk section, a special commentary that highlights managers. To read the article, please click here.

- In November, Bryn spoke at the RBC Wealth Management regional conference in Dallas about the Matisse Discounted Closed-End Fund Strategy.

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Historical CEF Discounts

CEF Regression Analysis

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Q4 2015 CEF MARKET REVIEW

For the 4th quarter, our strategy returned +4.3%, as CEF discounts narrowed by 2% to approximately 8% on average. Discount narrowing was most pronounced in bond CEFs. Equity CEFs narrowed by less than 0.2%. Gratifyingly, our 4th quarter returns were more than 2% ahead of both equity and taxable bond CEFs.

WHAT’S HAPPENING AT MATISSE

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STRATEGY PERFORMANCE HIGHLIGHTS

<table>
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<tr>
<th></th>
<th>Avg. Discount End Q4 2015</th>
<th>Avg. Discount Since Strategy Launch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Our Strategy</td>
<td>15.8%</td>
<td>13.1%</td>
</tr>
<tr>
<td>Allocation</td>
<td>12.5%</td>
<td>7.8%</td>
</tr>
<tr>
<td>REITs</td>
<td>11.8%</td>
<td>8.4%</td>
</tr>
<tr>
<td>International Equity</td>
<td>10.8%</td>
<td>6.6%</td>
</tr>
<tr>
<td>World Bond / EM Bond</td>
<td>12.8%</td>
<td>7.2%</td>
</tr>
</tbody>
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December 2015 Return -0.7%
YTD 2015 Return -6.6%
One-Year Return -6.6%
Three-Year Annualized Return 3.3%
Five-Year Annualized Return 4.4%
Ten-Year Annualized Return 7.5%

Current Discount to NAV 15.8%
Current Distribution Yield 9.6%

Annualized Return Since Inception 7.5%
Compare to S-Network Composite CEF Index 5.4%
Compare to S&P Target Risk Growth (Balanced) 5.1%
Compare to S&P 500 7.3%

*Data (except for distribution yield) is after a 1% annual mgmt fee
HISTORICAL CEF DISCOUNTS

Where Are We Today?
What Happens When Discounts Are This Large?

How often does the CEF Universe Average Discount exceed 10%? 3% of the time

Average CEF Total Return in 12 Months Following these Occurrences 24.0%

Very Discounted* CEFs Total Return in 12 Months Following these Occurrences 31.3%

S&P 500 Total Return in 12 Months Following these Occurrences -2.3%

*The widest fifth of the universe at month-end, rebalanced monthly

Closed-End Fund Universe: Discount History
CEF REGRESSION ANALYSIS

History shows us that the returns of highly discounted CEFs have been excellent when discount levels have been similar to what we see today.

Please see the below chart – the red oval indicates the approximate area we find ourselves in today.

Looking back at all rolling 3-year periods since 1988:

When the average discount in the widest quintile of CEFs has started the period between 15% and 20% discounted, the subsequent 3-year annualized return has been between 8.85% and 40.80% annualized.

Highly Discounted CEFs* 3-Year Annualized Return Regressed Against Starting Discount

*Widest quintile, equal weight
TYPICAL ACCOUNT LOOKTHROUGH ALLOCATION 12.31.15

![Asset Allocation and Equity Cap Allocation graphs]

TOP 10 HOLDINGS AS OF 12.31.15

- Boulder Growth & Income
- Cohen & Steers REIT & Preferred Income
- Alpine Global Premier Property
- Western Asset Emerg Mkts Debt
- MS Emerging Markets Domestic
- Advent Claymore Conv & Income
- Western Asset Emerg Mkts Income
- Advent Claymore Cnvt Secs&Inc II
- GDL Fund
- RMR Real Estate Income Fund

Source: Morningstar®