STEP Commentary

Behind The Spreadsheet

This latest edition of "Behind the Spreadsheet" focuses on Morgan Stanley's Steve Maresca, the firm's lead MLP and diversified natural gas companies analyst.

The report has three key elements:

1) A detailed look at Steve's collaborative and analytical approaches behind his *Institutional Investor* top-ranked research franchise.

2) An update on Steve's current industry views, including secular demand drivers, valuations and the impact from politics as well as his top stock picks including several STEP holdings: Williams (US Model, Dividend) and Kinder Morgan (US Model).

3) Reviews of the finest late-night dining spots in Providence, Rhode Island.

Our goal remains to highlight some of the boldest, highest-conviction thinking from Morgan Stanley's Research Department in a reader-friendly format that takes clients "Behind the Spreadsheet."

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Behind the Spreadsheet: Steve Maresca

Stephen Maresca is a Managing Director covering energy master limited partnerships (MLPs) and diversified natural gas companies. Prior to joining Morgan Stanley in 2008, Stephen spent 10 years at UBS, focused largely on the energy sector. From 2001 to 2008, he was a director in UBS's equity research division covering energy MLPs. From 1998 to 2001 he was an associate director in UBS's investment banking energy group. And from 1997 to 1998, he was in PaineWebber's fixed income department. Stephen holds a BS in accounting from Providence College and the Chartered Financial Analyst designation. He is a member of the New York Society of Security Analysts.

Dan: Prior to becoming a research analyst, you worked in both investment banking and fixed income. Why don't you take a moment and just describe your background and what you really enjoy about being a research analyst at Morgan Stanley?

Steve: Sure. I started in investment banking. I had a stint on a trading floor for a year in fixed income, but started really cutting my teeth and learning in investment banking as part of an energy team at the start of my career. That's really how I started learning about energy and developing an interest and expertise in midstream and infrastructure, and specifically MLPs because the bank I was working for at the time, Paine Webber, which later became part of UBS, focused its attention on that space.

With that foundation in banking, it was a nice segue to move into research. The thing that drew me to research initially and that has continued at Morgan Stanley, is building an expertise. I love deep diving on stocks. I love having an opinion on what is going to move a stock, where the key debates are, and having that discussion with clients, and I think research provided that. I definitely had an interest in the stock market and being a research analyst was a big part of that.

Equity research offered the opportunity to have an opinion and write on something, and really make a call which is, I think, exciting. And, ultimately you get to discuss those views with the firm's institutional clients—the portfolio managers and analysts from hedge funds and mutual funds. That's what absolutely excites me.

At Morgan Stanley—and I've been here now for four and a half years—first, I think the people are fantastic. I've learned so much from being a part of the firm and being a part of the research department. Honestly, there are so many talented people that I've tried to emulate and learn from not just within the energy sector but throughout the department.

In addition to the people, I really like research. I enjoy doing analysis, helping clients try to find the right answers, engaging in debate, and picking stocks, and I think at the end of the day that's what we're ultimately doing. We're researching industries, but we're making stock calls. You have to have some excitement or passion about stocks, and I do.

Dan: That's great background, and your passion for the energy space has certainly resulted in some really strong results over the last four years; you've been top-ranked in *Institutional Investor*, achieving the number one ranking. What do you think differentiates your franchise from the sell-side competition?

Steve: Getting back to what I like about Morgan Stanley, which is the people, I think what differentiates our franchise here is the fact that we collaborate. I was at a prior firm and I can just tell you it was not this collaborative, and the collaboration absolutely has made me a smarter person. I think differently.

The open platform at Morgan Stanley is unique. I hear that from clients time and time again. The idea of having scenario analysis, having a bull case, a base case, and a bear case is a helpful framework for clients. It's not just about, "Here's my one point estimate. What else can happen?" We're not always right. Obviously, there are a lot of variables in the world today and within the energy industry, and that open platform presents the potential outcomes.

Our team doesn't just operate in a vacuum of, for instance, what's going on with project A for our midstream companies. We talk to our E&P team, Evan Calio and Todd Firestone. We talk to the commodities team, led by Hussein Allidina, very frequently. We talk to the chemicals team, Vincent Andrews.

We have repeated collaboration and joint reports, which try to understand all aspects of energy. What's going on in the demand side? What's going on in the supply side? What's going on globally?

Absolutely I think that this approach is what differentiates us. It has been a big help, and our research has been a big help in driving client readership and interest, and ultimately revenues. To me, that is the difference—collaboration.

Dan: As we segue into some of your current industry views, taking a step back for a moment, at the firm right now, we have a fairly tepid macro call. We expect slow growth in the U.S., and really globally over the next year or so. You've highlighted that within your space there are some key secular drivers behind many of the infrastructure assets that you analyze. Why do you think that these assets are less macro sensitive, and what are the secular drivers supporting them?

Steve: If you think about what my sector contains, for example the MLPs, which are just a vehicle, it is the U.S. infrastructure assets. These assets are the cardiovascular system of the United States. The pipelines are moving all the hydrocarbons from supply points to demand areas, and are helping our nation's economy function from an energy standpoint. You think about New York City, where we are sitting today, 50% of the natural gas gets here through one pipeline, called the Transco pipeline, which Williams owns.

I think the overriding driver for the sector, for the past four or five years and likely for the next decade or more, is the shift in United States energy production. It's the growth in shale production of gas and oil and it's the shift in production to different areas. If you think about it, we have been an energy import nation, importing oil, importing refined products, and pushing it up into the Northeast. Things would come down from Canada and we'd push them east; they'd come up from the Gulf we'd push them up to the Northeast.

And now, with the advent of shale, the fact that technology has improved so much—we are now shifting things and you've got production in areas where we didn't previously have infrastructure, whether that is in North Dakota and the Bakken, the Marcellus Shale in the Northeast, parts of Pennsylvania, possibly the Utica Shale in Ohio, and many parts of Texas.

The secular part of this is it's a shift in supply growth into different areas and it's increasing overall supply. Hussein has an 8% percent increase in oil production year-on-year this year. That's pretty big and that hasn't happened for many years. He has a 52% increase estimate for gas production growth out of the Marcellus. So, the secular part of this is a production shift and then overall volume growth, which means you need infrastructure to be built and the infrastructure is being built with contracts behind it, with fee-based revenue commitments, because my companies are not going to build on speculation.

The U.S. is becoming more independent and we're going to be exporting more. We now export refined products. We're going to export natural gas. We're going to export propane and ethane. The companies I cover are a big part of that. It's sort of the U.S. going from an import nation to possibly a little bit more of an export nation.

So, if we're producing from within the United States, the continental 48, we now have to push out, which means pipelines and terminals, and processing plants need to be built; so, indeed, the sector is less economically sensitive by nature and there are more secular drivers, in my view.

Dan: Given the inherent attractiveness and the secular demand for some of these assets, one would assume that they are not typically priced at a discount. So, when you think about valuation in your space, first, what's your valuation approach and then, what are some of the valuations looking like right now?

We wanted to mention that we spoke to Steve Byrd about utilities' valuations recently and he made the point that you actually want to compare their dividend yields to corporate bond yields and not just look at earnings multiples. We're curious: What are your current views on valuation? What's your approach?

Steve: Our current view is that valuations for the group, whether MLPs or some of the regular C-corp common stocks we cover that are focused on infrastructure, are attractive. The approach that we use for valuation is centered around three main things. It's centered around yield, upfront trading yields, growth rates, and trading multiples.

On a yield basis, especially for the MLPs, we would agree with Stephen Byrd's view. We look at the yield spread to corporate bond yields. We have gone back and tested the relationship over time. Historically, that's where the biggest correlation has been for the stocks I cover—the corporate bond yield spreads, not to the 10-Year Treasury, not to the high yield sector. So, we look at that.

Right now, that yield spread is at roughly 190 basis points. Over a 10-year average, it's been about 80 basis points. So, there is cushion there. There's attractiveness on upfront yield for the MLPs.

As I mentioned, we also look at growth rates. Ultimately, I think as Adam Parker has said, multiples are driven by two things: growth rates and interest rates. So, I believe stock performance is likely to be driven by how fast companies are growing cash flow per share, and how fast they're growing distribution payout.

The growth rate we have for the MLPs for 2013 and 2014 is 8% each year. That's up from just under 7% in 2012. I think you've got an accelerating and sustainable growth rate for these companies based upon a secular infrastructure buildout, which I do not think is tied to overall economy or commodity prices as we have discussed. Those two factors, I think, are really supportive of valuations.

The final thing we look at is cash flow multiples, price-to-cash flow multiples. There is where you do see some expensiveness, if you want to call it that, given current average multiples of 14 times cash flow. Historically, again looking at the 10-year average, it's been something like 12.4, 12.5 times. I feel comfortable with multiples being slightly elevated, getting back to Parker's point, for two reasons: growth rates for my space I think are higher and more sustainable, and clearly we have very low interest rates, which is why you've seen that yield spread above its 10-year average.

It's not to say that the multiples are cheap and exciting and you should be buying because the multiples can expand, but they are where they are and I think they'll stay there because I think interest rates will remain low—our 10-year treasury forecast from our MS strategists is 1.9% for the fourth quarter this year. To sum up, given low rates and high growth rates, I think those valuation multiples are sustainable. We have 10-year models and we do discounted cash flow analysis as well, which backs all that up. We think the group is attractive.

Dan: That's very helpful background, Steve. When you consider the investors that you speak to, obviously retail has owned many of your names for the yield component, but given the rate environment that you just referenced, are you seeing the investor base expanding? Are there new investor types that are reaching for yield? And, as a follow up, do you think a new or expanding investor base could be supportive of valuations?

Steve: First part to your question, the answer is unequivocally yes, the investor base is expanding. Think about it this way; you had $18 billion of new equity raised last year by MLP stocks. Overall, the MLP space on a price basis was relatively flat last year. That means in simple terms you had to find that $18 billion somewhere.

Now, was a big part of that high net worth and retail? Absolutely, it was probably something like $11 billion or $12 billion of the total, but that still means you have roughly $6 billion or $7 billion that's coming from the new institutional crowd. I think this new institutional investor base realizes that they can own MLPs. They are regular stocks like any other. I think they now see that it is a very unique combination of yield and growth and it is a non-cyclical business as we talked about before. So, interest is coming from mutual funds, folks who used to run income money and maybe just invested in income products, but are looking at MLPs now; certainly a little more interest from hedge funds, some global money too, also some overseas and U.S. pension money.

So, yes the investor base is absolutely expanding. And to the second part of the question, I think it does offer up the potential to support valuations. If the fund flow story is positive and new money's pouring in, that should offer support and buying interest for the stocks. Now, that is offset by the new supply situation. That is the downside, if you want to call it that in all these great infrastructure projects, and you know one number I didn't mention before is the projected capital investment for MLPs of about $100 billion over four years. That's $100 billion of investments at, we think, rates of return of 14% to 16% returns on capital. That's very powerful. That's what's driving all of our numbers.

The fund flow story is encouraging—I can tell you anecdotally every week it seems like I'm talking to a new client. Intuitively, while it seems good, it's hard to quantify what this means. It's not like I sit here and we factor in, "Well, we should have a lower discount rate or higher multiples because we think new money's coming in," but it's clearly a big positive. We're excited about that.

Dan: With that background regarding some of the key top-down drivers of your industry view, let's discuss some of the more detailed components of your view. What are some of the regions that you like? You mentioned North Dakota and the Bakken earlier. Are there any particular regions right now that you favor more than others and why?

Steve: Yes, and I think you want to stay ahead of the curve. You want to be in the early innings of the buildout. So, what we try to do from a research perspective is talk to the E&P producer companies, talk to our E&P analyst teams, and find out which companies are leasing up the acreage. Those companies are buying the land and figuring out how to value it. We are absolutely trying to stay ahead of the curve because that is what is going to drive revenue potential for my companies.

Regarding the regions we favor, we like the Northeast a lot. I mentioned before, the firm estimates Marcellus gas production growth of 52% year-on-year. Also, natural gas liquids are driving production. Within the Northeast region, there's about 75,000 barrels a day of natural gas liquids production coming on this year. We think that's going to go to something like 500,000 barrels a day or more by 2015-2016; so there is a tremendous amount of production growth out of the Northeast. That encompasses both the Marcellus and Utica.

North Dakota is another area we absolutely favor; that's the Bakken Shale, and the Williston Basin. That's an oil play, and you've got something like 650,000 or 700,000 barrels a day of oil production right now, which is forecast to go to 1.2 million to 1.3 million barrels a day over the next three to four years.

Those are two plays that we like a lot. To be clear, while we do focus on regions, it's not exactly how I necessarily pick a stock where we go, "All right, let's find out the region," and then those are the only stocks we recognize. If there's a region that's got a lot of growth, we want to be there. If you look at the Northeast, we're Overweight Williams, we're Overweight MarkWest; two huge players in the Northeast. If you look at the Bakken, we're Overweight OKE.

Dan: In terms of sources of growth, you've highlighted that you favor the organic stories and you've also argued that acquisition multiples have been somewhat rich recently. Please outline why you favor the organic stories. Also, as background, where are recent acquisition multiples relative to history?

Steve: We favor the organic stories because they're getting better rates of return on invested capital right now, period. Organic stories on average can get you 16% returns on capital. Acquisitions in this environment are netting you probably below 10%. Now, there are several reasons for this.

The first is you've got really cheap capital. We all know where rates are. You've got a lot of money coming into this space. It's not just cheap capital; it's abundant capital. Many companies can raise this capital and therefore, you have high competition. So, if an asset comes up in a third party, it is a feeding frenzy, for lack of a better term, of buyers for the asset. Assuming it's a good asset in a growing region, you possibly have two dozen or more people bidding on it. So, it becomes who can pay the highest price.

In terms of multiples, where are they now? We're seeing 15 times EBITDA or more on a one-year forward basis. Historically, assets in this space would be acquired closer to eight to nine to 10 times EBITDA. So, that's what you're seeing. That's the aggressiveness that companies must exhibit to get into a particular region, and it highlights why we favor organic growth stories.

There's a barrier to entry for these companies. Think about real estate when you're looking at infrastructure because if you have the pipelines and the processing, that means you've got that real estate locked up, and you've got the producers locked up. It is really difficult for somebody to encroach on you and say, "Oh, I'm going to build something right next to you." How are you going to do it? How are you going to get the permits? How are you going to get the land? How are you going to get the environmental sign-off? Why do we need another pipeline built?

Sometimes you do, but think of it in terms of highways. I mean, if you've got a highway already, do you need another one right alongside it? If you've got I-95 that goes up through Connecticut, are you going to build another highway? It's that type of situation. In some cases, yes, you need other pipelines, but it's the guys who were there first who have the advantage, so organic growth leads to better rates of return.

Dan: I'm glad that you highlighted the fundamental strength of the business model given high entry barriers—that is one of the reasons why we've made this space a focus in the STEP program. It's clearly one of the higher-quality business models with long-term competitive advantages that we tend to favor.

Lastly, regarding other topics that impact your industry outlook, one of my favorite topics is Washington, D.C. If you could, give us your high-level views on the impact from politics on your sector and how sentiment has been given the recent election.

Steve: Sure. I think that's a timely question as we're heading to D.C. in a couple of days for our annual Morgan Stanley energy trip to provide a view on Capitol Hill, so we can have a follow-up after that. Post the election, nothing's changed, in our view. I still think that from an MLP structural standpoint, there's nothing to point to of any substance in terms of taking away the tax advantages of an MLP.

There is always conjecture and speculation about potential changes to the tax advantages and that's the way it's been for years. I think it's a critically important sector given all the infrastructure needs we've talked about. I'd also highlight that it's a very small part of the U.S. economy. It's $400 billion in market cap that we cover. The tax revenues lost to the U.S. from MLPs are something like $300 million or $500 million a year. That's really, really small. So, I don't think there's any issue there.

More broadly, the environment for drilling is also constructive in the U.S. We're not seeing a material change in drilling permits on the continental 48 states. If the government were to do something to harm energy and harm an E&P company, like take away intangible drilling credits, it could make it more costly for those companies to drill.

So, those are the things we monitor that would hurt energy overall, which would then have an impact on our companies' ability to get volumes and revenue. But right now, it's benign. The political situation is very benign for our companies.

Dan: Certainly on the positive front, we've seen an update from the DOE over the last month or so regarding the nat gas export opportunity. Can you comment on that opportunity and to the extent you can, perhaps quantify what it could really mean to your space?

Steve: I think the DOE study was a little more positive than people had initially anticipated in terms of their view on exporting natural gas and its overall generally positive impact to jobs, the economy overall and not hurting gas prices all that much. So, I think from a high level, it was a report that supported more liquefied natural gas or gas export projects. That was good.

Now, with regard to the impacts to my group; it's going to be very idiosyncratic case-by-case. You've already got a list—and it impacts Stephen Byrd with a couple of his companies—of permits that are in the works. I think there's going to be a little bit of first come, first serve. I don't think that all 20-odd permits that have been filed will ultimately get approved.

Is it a theme to be played? It's hard to really say that. Is it something that we play for a certain stock or two? Sure. Kinder Morgan, I think, is going to benefit. So, it could have an impact there. Energy Transfer is also a potential beneficiary. To me, those are the two we cover right now that have the potential to benefit if projects could move forward, which drive big capex dollars and then big revenues for these companies. Any one of these projects could be a $5 billion to $10 billion capital investment.

Dan: As we transition here from your industry views to your stock picks, let's focus on the names we own in the U.S. Model and the Dividend STEPs in particular. We've used Williams in both portfolios and we've also used Kinder Morgan in the U.S. Model. Why don't we start with Williams if you could remind us why you still like the stock here and why it's one of your top picks.

Steve: Location, location, location. Not to harp and be cute about the real estate theme, but it is what matters for our companies. You look at Williams. It has a dominant position in the Marcellus and Utica. It's really second to none. It and MarkWest are the two big players up there. So, the first part is location for those guys. They should benefit from all of that buildout. They've got one of the best gas pipelines. Transco is the biggest, but I say "best" because it goes along the Eastern Seaboard. As demand for gas increases for utilities because of low gas prices, they are going to be expanding that Transco pipeline to serve utilities; so, a great big pipeline and a great footprint in that region.

The second factor, I think, is a decreasing commodity risk story over time. It's hard to find any stock within midstream that has zero commodity risk. The businesses are too dynamic, too complex. There's always a little bit of risk in how these contracts are structured. In Williams' case, however, the differentiator they've got is a chemical business, a plant in Louisiana in a town called Geismar. That is going to help them be a user of ethane going forward. That will help decrease their commodity risk, and we look at this company as being somewhere in the 75% to 80% fee margin/fee revenue. That means 75% to 80% of business won't have any direct ties to commodity prices by 2014. So, that's the second reason we like it.

The third reason is that I think management teams matter, and I'd put Williams in the top shelf of management teams. It's overlooked sometimes, but these companies are spending a fair amount of capital and their managements are the stewards of that capital.

A good analogy is betting on a portfolio manager, or a hedge fund manager to manage your money. Do you want to know what they're doing? Do you want to have trust in them? In this case, you're betting on the management team, the CFO, the CEO, to go out and make the right investments because that's what they're doing. So, I like that management team.

I think the fourth reason is that we prefer general partner stocks. It is a parent company. Ultimately, there is going to be a lot of growth because of the location, because of the management team, because of these projects where we see growth in dividend and earnings. Right now, we estimate, for the next three years, a dividend CAGR of roughly 22% for WMB. And it is also a stock where you get a decent upfront yield of 3.9%.

I think if there's something the market misses, it's a little bit of those four things that I mentioned, but the sustainability is the biggest thing where I think there's pushback from clients and that people overlook. This isn't a one-year growth rate. It's maybe not even two. It's something like three or possibly more of growing at a very high level. So, those are the reasons that we like WMB, and we think it can outperform again.

Dan:	We agree that the dividend growth rate is a big deal. A key reason why we've made WMB the biggest position in the Dividend STEP at 7.5%, reiterating your view, is the dividend growth of 20%-plus over the next several years and its likely sustainability. When you consider that dividend growth vs. the overall S&P growing its dividend rate around maybe 10%, it's obviously a nice premium there.

Transitioning to Kinder, it lagged slightly overall last year although started to work in the second half of the year. You've highlighted that you think that companies with more fee-based revenues will outperform going forward. What do you think the market is missing here about Kinder and as it integrates El Paso, do you think the market will start to value its fee-based revenues a bit more?

Steve:	Similar to Williams overall, I think people are looking for the next project. The thing with Kinder is it's so big—a $42 billion market cap. The biggest pushback we get from clients is that they're too big; they can't grow and maybe the story is over. CEO Rich Kinder bought El Paso, and there's nothing left there, and I think that that view is a little bit harsh. Look, for a $42 billion market cap company, it's hard to have a 30% growth rate. Let's just be fair, it's the law of large numbers, and that's the issue with Kinder.

But, it has started to work and it's up to $37 now from recently being at $33, $33.50. I think people realize that Kinder is not going to be able to grow at the 20% rate that Williams is. But for a company the size of KMI, if it can grow between 10% to 12%, with that diversity, I think, is impressive. It's a very diverse company.

There are gas pipelines. Sixty percent of the business is really gas pipelines right now, which are comprised of take-or-pay style contracts. The company has de-risked itself a lot with the El Paso transaction, which I think people overlook. Kinder Morgan will be able to grow in the Northeast because of the El Paso purchase. I think it will also grow in Canada. Hopefully they will be able to build another oil pipeline in Canada. And as we discussed earlier, KMI has export terminals.

Additionally, Kinder has a big position in Texas in the Eagle Ford Shale and in the Permian Basin. There are a lot of different areas where I think there's something like $9 billion to $10 billion of projects in the works. I think that's material; that's what keeps that growth rate at 12%.

Again, back to management, Rich Kinder has a 15-year track record of proven execution. He took this over in 1997; so going it's on more than 15 years. It's a $40 billion market cap and he owns over 20% of it. You're betting alongside a CEO who has significant skin in the game; I mean basically all of his skin in the game. That's not always a recipe for outperformance, but it sure gives us a lot of comfort that he's going to do what's best for KMI. He's not going to take too many risks, unnecessary risks.

Dan:	Steve, you've been extremely generous with your time. So, we're going to finish up with a few quick questions for the personal section of our chat. Now, you get to travel to all these different parts of the country doing due diligence in North Dakota or Pennsylvania, wherever. Can you remind us of a very memorable travel story that you had from one of these due diligence trips?

Steve:	I guess it would be going out to West Texas. There's nothing overly exciting about it, but just realizing how far in the middle of nowhere you are, being out in Midland, Texas; how long we had to drive to go and see some producing assets and some pipeline assets, and how much small towns like that have been built up. You see the resurgence of small towns. That struck us, as you see a lot of activity once you get into Main Street. Hotels, if they weren't sold out, were very full.

Dan: Sounds like a fun time. We both had the good fortune of going to colleges in Providence. I have to ask you—my favorite college food spot was Spike's Junkyard Dogs, which you may remember…

Steve: Yes.

Dan: …so what were some of your favorite things to do while you were at Providence College and what were some of your favorite college food spots?

Steve: There was a place on the way back to the dorms called Yo Mama's. So, that was a great spot for us after late night studying to go. I think it was open fairly late until midnight, or 1:00 a.m. It was a great "study break" on the way home, to go to Yo Mama's and get your typical late-night snack of a bacon, egg and cheese sandwich. So, I remember that vividly as a great spot.

Regarding activities, I was very active in a lot of the athletic aspects of college life, including intramurals, mostly playing basketball.

Dan: Lastly, as we get into Hollywood award season, and we had the Golden Globes earlier this week, what are some of your favorite shows or movies?

Steve: I haven't seen many movies lately. So, I will say my wife and I are very big on several television shows now. We are huge *Homeland* fans. With three little kids at home, it's very hard to get out to the movies. I've got a four year-old, a two-year-old and a four-month-old. That's probably why we don't see the things as they hit the screen and wait for them to come on-demand. But, *Homeland* has definitely been on our steady, "must see" TV list.

Dan: With that, we want to thank Steve for his great contributions to the department over the last four years and especially for traveling out to all those disparate, random places in the U.S. to do as much energy due diligence as possible. So, thank you, Steve.

Steve Thank you very much. Thanks for having me.

Companies mentioned:

El Paso (EPB, $39.89)

Energy Transfer (ETE, $49.02)

Kinder Morgan (KMI, $37.24 — US Model Portfolio)

MarkWest (MWE, $52.82)

Oneok (OKE, $46.38)

Williams Cos. (WMB, $33.30 — US Model, Dividend)

All the above companies except El Paso, rated Equal-weight, are rated Overweight by Steve Maresca, with Attractive industry views of North America Diversified Natural Gas (WMB, OKE) and Midstream Energy MLPs (EPB, ETE, KMI, MWE). Prices as of 1/17/13 close.

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(as of date **December 31, 2012**)

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	CEF Coverage Universe		Investment Banking Clients (IBC)		
Closed-End Fund (CEF) Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category
Overweight/Buy	28	27.7%	3	25.0%	10.7%
Equal-weight/Hold	49	48.5%	6	50.0%	12.2%
Underweight/Sell	24	23.8%	3	25.0%	12.5%
Total	101	100.0%	12	100.0%	

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