



May 1, 2019

Mr. Brent J. Fields
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Release Nos. 33-10590; IC-33329; File No. S7-27-18
Fund of Funds Arrangements

Dear Mr. Fields:

Saba Capital Management, L.P.¹ is responding to the request of the Securities and Exchange Commission (the "Commission") for comments on a proposed new rule and related rule amendments, and rescission of certain exemptive orders, under the Investment Company Act of 1940, as amended (such act, the "Investment Company Act" and the proposed new rule, related rule amendments and rescission of exemptive orders, collectively, the "Proposed Amendments") relating to the investment by certain funds in other funds.² We recognize the time and effort invested by the Commission and the Staff of the Division of Investment Management (the "Staff") in formulating the Proposed Amendments and appreciate the opportunity to comment.

We are an investment management firm that is registered with the Commission as an investment adviser under the Investment Advisers Act of 1940, as amended. We serve as the investment adviser to (1) private investment companies that are exempt from registration under the Investment Company Act pursuant to Section 3(c)(7) thereunder, (2) investment companies registered under the Investment Company Act for which we serve as a sub-adviser and (3) a separately managed account.

¹ References in this comment letter to "we", "us" or "our" refer to Saba Capital Management, L.P.

² Release Nos. 33-10590; IC-33329; File No. S7-27-18, *Fund of Funds Arrangement* (the "Proposing Release").

I. Executive Summary: Opposition to Any Proposed Additional Private Fund Restrictions under Section 12(d)(1)(A)(i)

In general, Section 12(d)(1)(A)(i) of the Investment Company Act³ limits the ability of registered investment companies and business development companies, which we refer to collectively as “regulated funds” and, with respect to closed-end regulated funds, as “closed-end funds”, and certain private funds that would be “investment companies” under the Investment Company Act but for the exclusions therefrom set forth in Sections 3(c)(1) and 3(c)(7) thereunder, which we refer to as “private funds”, to acquire more than 3% of a regulated fund’s outstanding voting securities. The Commission proposes to implement Rule 12d1-4 under the Investment Company Act that would, under specified circumstances, expand the ability of certain regulated funds to invest in certain other regulated funds in excess of the limits set forth in Section 12(d)(1) under the Investment Company Act. The Commission has requested comments from the public on such Proposed Amendments, including whether and how the Proposed Amendments should apply to private funds.⁴

While the Commission has both historically and in the Proposed Amendments specifically avoided easing the limits set forth in Section 12(d)(1)(A)(i) with respect to the private funds, it similarly has refrained from imposing any more restrictive limits on the ability of private funds to acquire equity stakes in regulated funds than those set forth in Section 12(d)(1)(A)(i) itself. Furthermore, Congress itself amended the Investment Company Act so that private funds would *only* be subject to the restrictions already imposed under Sections 12(d)(1)(A)(i) and 12(d)(1)(B)(i) and no other restrictions of Section 12(d).⁵ To that end, we write this letter to express our opposition to any imposition of more restrictive limits on private funds than those already imposed under Section 12(d)(1)(A)(i). We refer herein (i) to the current investment limits imposed on private funds under Section 12(d)(1)(A)(i) as the “Current Private Fund Restrictions” and (ii) to any such more restrictive limits as “Proposed Additional Private Fund Restrictions”. We particularly note our opposition to Proposed Additional Private Fund Restrictions in light of recent arguments made in the media and otherwise that the Commission should indeed implement Proposed Additional Private Fund Restrictions as part of the Proposed Amendments – notwithstanding the fact that the Proposed Amendments have not suggested any Proposed Additional Private Fund Restrictions, and in fact, generally propose loosening such ownership restrictions.⁶

³ Henceforth, unless otherwise noted, all statutory references herein are to the provisions of the Investment Company Act.

⁴ See Proposing Release, *supra* at 23-26.

⁵ See National Securities Markets Improvement Act of 1996 (“NSMIA”), Pub. L. No. 104-290, 110 Stat. 3416 (1996), at Sections 209(a)(1) and 209(a)(4)(D) (codified at Sections 3(c)(1) and Section 3(c)(7) under the Investment Company Act); see also DiMartino, Rose F., *Protecting Closed-End Fund Investors: A Call to Amend 1940 Act Section 12(d)(1)(A)*, The Investment Lawyer (Jan. 2019) (the “Investment Lawyer Article”) at text accompanying endnote 4.

⁶ See The Investment Lawyer Article; Isenberg; David, *SEC pressed to close private fund loophole in fund-of-funds rule*, Compliance Reporter (Feb. 26, 2019). In addition, other comments submitted to the Commission in connection with the Proposed Amendments have called for additional restrictions on investment by private funds in closed-end funds. See, e.g., Letter from Paul Schott Stevens, President and CEO, Investment Company Institute (April 30, 2019), available at <https://www.sec.gov/comments/s7-27-18/s72718-5433908-184637.pdf> (“ICI Letter”), and Letter from

We respectfully request that the Commission not change the Proposed Amendments to implement Proposed Additional Private Fund Restrictions for two primary reasons. First, we oppose Proposed Additional Private Fund Restrictions as they will stifle shareholder activism in the closed-end funds space. We believe activism in the closed-end funds space should specifically be promoted (1) to prevent closed-end funds from trading at steep discounts to NAV, (2) to provide the resources to successfully promote changes in closed-end funds and (3) because the interests of activists are indeed aligned with those of other investors, including retail investors—an investor base that has significant investments in closed-end funds⁷. Second, we oppose Proposed Additional Private Fund Restrictions because they are inconsistent with prior Congressional intent and Commission policy. Congressional intent and Commission policy relating to Current Private Fund Restrictions has not focused on stifling activism in the closed-end funds space, but has rather focused on “pyramiding” concerns (discussed in more detail below). Congress clearly determined that the Current Private Fund Restrictions were sufficient to deal with “pyramiding” concerns and implicitly relied on other aspects of the federal securities laws, including the Investment Company Act, to protect investors against the type of harm that Proposed Additional Private Fund Restrictions purportedly seek to prevent. Furthermore, Commission policy reflected in previously issued Staff exemptive orders is generally inconsistent with Proposed Additional Private Fund Restrictions.

II. Opposition to Proposed Additional Private Fund Restrictions: Promoting Shareholder Activism in the Closed-End Funds Space

As noted above, supporters of Proposed Additional Private Fund Restrictions specifically support it in an effort to stifle the effects of shareholder activism in the regulated funds space. We believe such opposition to activism in the regulated funds space is misguided for three reasons. First, the regulated fund market, specifically with respect to closed-end funds, is currently plagued by many funds trading at large discounts to the net asset value (“NAV”) of such funds. Second, activist investors are better equipped to promote investor interests and challenge underperforming managers of such closed-end funds than are retail investors. Third, criticism of closed-end fund activism as misaligned with investor interests is misguided.

A. The regulated fund market, specifically with respect to closed-end funds, is currently plagued by many funds trading at large discounts to the NAV of such funds.

Investors in closed-end funds generally understood the risk that their shares may fluctuate between periods of premiums and discounts to NAV. Unfortunately, the reality for these investors has not been oscillations between modest premiums and discounts, but rather between perpetual and substantial discounts to NAV. In fact, in looking back at the 20 year history of closed-end fund premiums and discounts, there has only been one month, in 2012, when the average closed-end fund traded at or above NAV, and it was less than a 1% premium.⁸

Gabelli Funds, LLC (April 30, 2019), available at <https://www.sec.gov/comments/s7-27-18/s72718-5434172-184687.pdf> (“Gabelli Funds Letter”).

⁷ See The Investment Lawyer Article; see also 2018 Investment Company Fact Book: A Review of Trends and Activities in the Investment Company Industry, 58th edition, *Investment Company Institute*, at pages 113-115, available at: https://www.ici.org/pdf/2018_factbook.pdf.

⁸ Wells Fargo Investment Institute (Mar. 22, 2019).

The reason for the frequency of such discounts to NAV is at least two-fold in our opinion. First, while we have seen rapid fee compression among advisers to open-end regulated funds, closed-end fund advisers have not similarly felt pressure to adjust their fee structures downward. The lack of redemption options for investors in closed-end funds means that if investors object to such fee levels, their only option is to sell their investments at a discount to NAV. Second, the boards of these funds are often entrenched and merely do the bidding of the adviser. While the independent directors should be negotiating for the investors' benefit each year in connection with the renewal of advisory contracts, instead they are often content with making the investment adviser happy.

The common occurrence of closed-end funds trading at a discount to NAV highlights the need for activism in the space. An activist investor in such a closed-end fund could wield the resources to challenge such fund's board and manager to undergo changes to narrow the discount to NAV of such a fund.

There are examples in the closed-end fund universe of what happens when you eliminate the potential for activism. Dividend and Income Fund ("DNI") clearly illustrates the detrimental effect of the lack of activism in the closed-end fund space. DNI limits the ability of an investor to own more than 4.99% of the fund's outstanding shares without prior approval by its board of directors.⁹ DNI trades its shares at a 23% discount to NAV and still continues to issue new shares through rights offerings at 95% of market price or 79% of NAV. Every investor who didn't have available cash to purchase new shares was forced to sit by and watch as their investment was diluted. This is the reality of a world where there are no activists to challenge closed-end funds – the managers and the boards of such funds are left without any checks on their exploitation of their investors.

B. *Activist investors are better equipped to promote investor interests and challenge underperforming managers of such closed-end funds than are retail investors.*

As noted above, the closed-end fund industry suffers from rampant trading of shares at a discount to NAV. Activism in this space is necessary to help solve this problem, as activists are better positioned to address these issues than retail investors. As in the operating company space, we have found in our experience activist investors need to surpass significant economic hurdles to challenge their activist targets, including raising substantial funds to acquire relatively large quantity of shares, undergoing expensive proxy campaigns and paying law firms and other experts to challenge the boards and advisers of funds, in an effort to effect change to narrow the fund's discount to NAV. Retail investors are not economically equipped to undertake these costs. Furthermore, when activist investors challenge their closed-end fund targets, the activist investors generally bear 100% of the cost of such activist campaigns. Accordingly, action by activist investors is needed in the closed-end fund space to facilitate challenges to those funds trading below NAV.

⁹ See Section 12(c)(i) of the Declaration of Trust of DNI, filed as an exhibit to DNI's Report for Management Companies on Form NSAR-B, File No. 811-08747, filed with the Commission on February 28, 2017. Notably, DNI deems an investor to be considered a distinct investor for the 4.99% restriction, aside from other reasons, as long as it is separately subject to the beneficial ownership reporting obligations imposed under Section 13 and Regulation 13D under the Securities Exchange Act of 1934, as amended.

C. Criticism of closed-end fund activism as misaligned with investor interests is misguided.

Critics of closed-end fund activism attempt to characterize the intentions of the activist investors as being misaligned with the interests of the fund's other shareholders.¹⁰ This argument is misguided for at least two reasons in our opinion. First, the reality is that all investors, including retail investors—an investor base that has significant investments in closed-end funds, receive the same financial benefits resulting from the action of activist investors (e.g., liquidity from tender offers) as those received by the activist investors themselves. Additionally, the non-activist investors generally receive these same financial benefits at the same time. In fact, the non-activist investors ultimately receive greater financial benefits as the activist investors generally bear 100% of the costs of any activist campaign. Second, by virtue of various requirements under federal securities laws, the common means of activism (tender offers, liquidation, converting a fund to an open-ended fund, etc.) typically must be approved by the majority of the independent members of a fund's board or the majority vote of shareholders. Accordingly, while activist investors may be influential, they are usually required to align their interests with those of a fund's investors, as the will of both of the independent board and the majority shareholders ultimately controls. Accordingly, we believe criticism of closed-end activism as being against the interest of long-term shareholders is misguided.

III. Opposition to Proposed Additional Private Fund Restrictions: Congressional Intent and Commission Policy

There are a number of considerations supporting our opposition to Proposed Additional Private Fund Restrictions when considering the intent of Congress in enacting Section 12(d)(1) and the Commission in adopting and implementing rules and orders under the Current Private Fund Restrictions. First, Proposed Additional Private Fund Restrictions would be overly restrictive in light of the policy concerns that motivated Congress to enact the Current Private Fund Restrictions in the first instance. Second and similarly, Proposed Additional Private Fund Restrictions would be overly restrictive in light of policy objectives promoted by the Commission in previously-issued Staff exemptive orders. Third, the Current Private Fund Restrictions were not imposed to restrict activism in the closed-end fund space and, accordingly, Proposed Additional Private Fund Restrictions need not be passed to promote such objectives.

A. Proposed Additional Private Fund Restrictions would be overly restrictive in light of the policy concerns that motivated Congress to enact the Current Private Fund Restrictions in the first instance.

As the Commission mentions in the Proposing Release, Congress enacted Section 12(d)(1) in general (including with respect to the Current Private Fund Restrictions) to prevent “pyramiding”, a practice whereby one fund could acquire another fund and thereby cause certain detrimental effects on the acquired fund. Some of the detrimental effects of “pyramiding” that Congress sought to avoid were (1) excessive fees, as controlling persons of an acquiring fund could profit while investors would pay duplicative fees at both the acquiring and acquired fund levels,

¹⁰ See The Investment Lawyer Article; see also ICI Letter; Gabelli Funds Letter.

(2) overly complex fund structures and (3) situations whereby the acquiring fund could exert undue influence and detrimental control over the regulated funds it acquired.¹¹

In keeping with Congress' intent, we believe that Proposed Additional Private Fund Restrictions would be inappropriate given that the Current Private Fund Restrictions already sufficiently promote the primary Congressional policy objectives of avoiding stacking of fees, overly complex fund structures and preventing acquiring funds from exerting undue influence and control over the regulated funds they acquire. First, as a general matter, we note that, as referenced above, the common means of activism typically must be approved by the majority of the independent members of a fund's board or the majority of its shareholders. Accordingly, while activist investors may be influential, these structural Investment Company Act requirements generally protect against undue influence and control and other harmful effects.

Second, we note that Congress specifically amended the Investment Company Act to allow private funds to acquire regulated funds in line with the Current Private Fund Restrictions, a decision which by itself indicates that Congress viewed the Current Private Fund Restrictions as being sufficient as implemented to regulate private funds' acquisitions of the outstanding voting stock of regulated funds. This decision of Congress to craft the Current Private Fund Restrictions is complemented by the fact that in addition to the limitations of Section 12(d)(1), provisions of other securities laws help ameliorate Congressional concerns relating to the pyramiding of funds, eliminating the need for any Proposed Additional Private Fund Restrictions. For example, the provisions of Sections 17 and 57 of the Investment Company Act restricting transactions with affiliated or controlled persons already provide meaningful substantive barriers to discourage the acquisition of regulated funds with the intention of exerting undue influence and control. Similarly, the beneficial ownership reporting obligations under Section 13 of the Securities Exchange Act of 1934, as amended, that are applicable to beneficial owners of more than five percent of the equity securities of a regulated fund provide another mechanism to limit undue influence by providing prompt disclosure with respect to any large holdings of a regulated fund's common stock.

Third, with respect to Congressional concerns relating to excessive fees being borne by investors, these concerns are largely ameliorated by the fact that, in line with the discussion above, the vote of a majority of a fund's independent board members or a majority of its shareholders would typically be required to implement most adverse changes to a fee structure. Additionally, we note that in the private fund context, investors are typically institutional or extremely sophisticated individual investors that, at a minimum, are accredited investors under Regulation D under the Securities Act of 1933, as amended, and are usually "qualified purchasers", as such term is defined by the Investment Company Act. These investors do not face the same risks with respect to fees as do retail investors in regulated funds, given that (i) the fee structures of private funds are often subject to far greater negotiation with individual investors than would be the case with a traditional regulated fund, and (ii) investors in such private funds are sufficiently sophisticated to properly weigh the risks and benefits of a manager's investment strategy of investing in underlying regulated funds. Therefore, we do not believe that Proposed Additional Private Fund Restrictions are necessary to protect against concerns of excessive fees in the private fund context.

¹¹ Proposing Release, *supra* at 9-10.

Fourth, with respect to overly complex fund structures, we note that such concerns are generally inapplicable in the private fund context. As noted above, investors in the private fund context are generally sufficiently sophisticated to properly weigh the risks and benefits of a manager's investment strategy and to understand fund structures. In fact, in our experience, these types of private fund investors will sometimes themselves specifically request that certain complexity be added to the internal private fund structure for such investors' own personal tax or regulatory concerns.

Fifth, in keeping with Congress' intent in passing the Current Private Fund Restrictions, the Proposed Additional Private Fund Restrictions would be inappropriate given that the Current Private Fund Restrictions already sufficiently promote the primary Congressional policy objectives of preventing acquiring funds from exerting undue influence and control over the regulated funds they acquire. Indeed, the legislative history behind Section 12(d)(1) indicates that Congress was specifically advised that the 3% threshold set forth in the Current Private Fund Restrictions has "no significance, so far as control is concerned".¹² Additionally, while Congress was concerned that the undue influence and control of an acquired fund could lead the acquiring fund to "enrich themselves at the expense of the acquired fund shareholders", such concerns are specifically inapplicable in the context of closed-end fund activism where, as noted above, non-activist investors share in the financial benefit equally and, in fact, in excess to, the manner in which the activist investors share in the financial benefits. Furthermore, in granting the Commission specific authority to permit additional types of fund of funds arrangements under Section 12(d)(1)(J), a House of Representatives committee report specifically urged the Commission to use this exemptive authority "in a progressive way as the fund of funds concept continues to evolve over time".¹³ Were the Commission to use its authority under Section 12(d)(1)(J) to enact Proposed Additional Private Fund Restrictions, it would defeat this progressivism sought by Congress.¹⁴ Additionally, while the Current Private Fund Restrictions do not prevent a private fund from splitting its position in an acquired fund among multiple funds advised by the same investment adviser, thus allowing these funds in the aggregate to own a percentage interest in the acquired fund in excess of the percentage limits imposed under the Current Private Fund Restrictions, the protections imposed by the other federal securities laws noted above, will prevent such a situation from leading to the acquiring fund exerting inappropriate and undue influence and control. For example, were the investment adviser of these private funds to attempt to seek the acquired regulated fund to replace its investment adviser with the private funds' investment adviser, or an affiliate thereof, the Investment Company Act would restrict such

¹² See Hearing on H.R. 10065 before the Subcomm. of the House Comm. on Interstate and Foreign Commerce, 76th Cong., 3d Sess., 112 (1940) (statement of David Schenker).

¹³ Comm. On Commerce, Securities Amendments of 1996, H.R. Rep. No. 104-622 (1996), 104th Cong., 2nd Sess., footnote 22, at 44-45 (quoted in Proposing Release, *supra* at 11).

¹⁴ We note as well that, as the Commission notes in the Proposing Release, Section 2(a)(9) of the Investment Company Act defines "control" as "the power to exercise a controlling influence over the management or policies of a company, unless such power is solely the result of an official position with such company" and establishes a presumption that a fund that owns less than 25% of the voting securities of another fund is not deemed to "control" such fund for purposes of the Investment Company Act. Accordingly, the Current Private Fund Restrictions would clearly prevent a private fund from acquiring sufficient voting securities of any acquired fund to be deemed to "control" that acquired fund when viewed through the prism of the Investment Company Act concept of "control". This further supports our argument that any Proposed Additional Private Fund Restrictions would be overly restrictive and unnecessary to promote the underlying Congressional policies of preventing acquiring funds from exerting undue influence and control over acquired funds.

an arrangement because of the affiliated nature of the investment adviser or its affiliate, absent specific exemptive relief from the Commission. Furthermore, even when affiliated private funds under the same investment adviser join together to invest in an aggregate amount that exceeds the 3% limit imposed under the Current Private Fund Restrictions, as noted above, majority-independent board member approval or majority-shareholder approval will generally be required to implement the common means of activism.

B. Proposed Additional Private Fund Restrictions would be overly restrictive in light of policy objectives promoted by the Commission in previously-issued Staff exemptive orders.

In granting exemptive relief to certain fund of fund arrangements previously, the Staff required funds of funds to abide by certain conditions restricting an acquiring fund from exerting undue influence over the funds it acquired, even when an acquiring fund might acquire a much greater ownership level in an acquired fund than would be permitted under Section 12(d)(1)(A)(i). For example, in one exemptive order, the Commission allowed a certain fund of funds arrangement to exist, as long as (among other conditions) the acquiring fund would vote the securities of the acquired fund in the manner prescribed by Section 12(d)(1)(E)(iii) under the Investment Company Act.¹⁵ Furthermore, as the Commission notes in the Proposing Release, the Commission issued other comparable exemptive orders to permit numerous other fund of funds arrangements (collectively, the “Fund of Funds Orders”).¹⁶ In granting such exemptive relief, the Commission relied on the existence of specific conditions in the Fund of Fund Orders that it believed would prevent an acquiring fund from exerting undue influence over an acquired fund.

In keeping with the rationale underlying the Fund of Funds Orders, Proposed Additional Private Fund Restrictions would be overly restrictive in that they would unnecessarily restrict private funds from investing in other regulated funds, even where private funds’ ownership stake is too small to exert undue influence and control, and where such ownership stake would have been in complete compliance with a Fund of Funds Orders. Furthermore, while the Fund of Fund Orders imposed limitations on an acquiring fund from acquiring securities where affiliated private funds advised by the same investment adviser could exert undue influence and control, those restrictions focused on preventing such affiliated funds from acquiring an interest that would constitute “control” under Section 2(a)(9) of the Investment Company Act—a status which is attained when such acquiring fund obtains in excess of 25% of the voting securities of the acquired fund.¹⁷ Thus, while it is true that the Fund of Fund Orders have imposed restrictions on the entire complex of funds advised by an investment adviser (e.g., by requiring mirror-voting), as noted by advocates of Proposed Additional Private Fund Restrictions¹⁸, such restrictions would restrict such affiliated funds from acquiring securities in a drastically more restrictive manner than the Fund of

¹⁵ See Franklin Fund Allocator Series, *et al.*, Investment Company Act Release Nos. 32669 (June 5, 2017) [82 FR 26720 (June 8, 2017)] (notice) and 32722 (July 3, 2017) (order) and related application (“Franklin Fund Allocator Series”).

¹⁶ See *Proposing Release, supra* at 36 (citing, Innovator ETFs Trust, *et al.*, Investment Company Act Release Nos. 33214 (Aug. 24, 2018) [83 FR 44374 (Aug. 30, 2018)] (notice) and 33238 (Sept. 19, 2018) (order) and related application; Janus Investment Fund, *et al.*, Investment Company Act Release Nos. 31753 (Aug. 13, 2015) (notice) and 31808 (Sept. 9, 2015) (order) and related application.)

¹⁷ See *e.g.*, “Condition 1” of the application of Franklin Fund Allocator Series, at page 7 of the application filed with the Commission on May 23, 2017.

¹⁸ See The Investment Lawyer Article.

Funds Orders have proposed. Accordingly, Proposed Additional Private Restrictions are inappropriate in light of Commission policy expressed in the Fund of Funds Orders.

C. The Current Private Fund Restrictions were not imposed to restrict activism in the closed-end fund space and, accordingly, Proposed Additional Private Fund Restrictions need not be passed to promote such objectives.

As noted above, others have recently argued that the Commission should implement Proposed Additional Private Fund Restrictions in order to restrict shareholder activism in the regulated funds space, particularly with respect to closed-end funds.

However, we strongly believe that such argument is incorrect as legislative history and previously issued Staff-exemptive orders indicate that Congress and the Commission have not been concerned with shareholder activism in implementing the Current Private Fund Restrictions. Rather, as illustrated above, Congress and the Commission have been focused on acquiring funds imposing excessive fees, devising complex fund structures and generally exerting undue influence and control, and the Current Private Fund Restrictions already sufficiently promote this objective.

IV. Conclusion

For the reasons set forth above, we respectfully request that the Commission not implement any Proposed Additional Private Fund Restrictions as part of the Proposed Amendments. As described above, such Proposed Additional Private Fund Restrictions do not align with Congressional intent or the policy of the Commission. In addition, Proposed Additional Private Fund Restrictions would stifle the efforts of activist investors in encouraging closed-end funds not to trade at a discount to NAV.

We believe that closed-end funds as a product have a great future, assuming that they can adapt to market changes, which can be brought about by activism. If a closed-end fund provided an investment option that was more competitive in the market place, its discount to NAV would be small and likely short lived, which would benefit all investors in the fund, including retail investors—an investor base that has significant investments in closed-end funds. In fact, we frequently receive letters, similar to the letter we have attached in Appendix A hereto in redacted form, as well as phone calls, from retail investors in closed-end funds showing their appreciation for our protection of their interests. We have seen this first hand at conferences where retail investors have expressed their thanks for the work done by us and other activists on their behalf. Accordingly, we respectfully request that the Commission not implement any Proposed Additional Private Fund Restrictions in connection with the Proposed Amendments.

* * *

We would be pleased to respond to any inquiries you may have regarding our letter or our views on the Proposed Amendments more generally. Please feel free to direct any inquiries to Michael D'Angelo at [REDACTED] or [REDACTED].

Very truly yours,

SABA CAPITAL MANAGEMENT, L.P.

Appendix A

(attached)

[REDACTED]
[REDACTED]
[REDACTED]

[REDACTED]

Institutional Shareholder Services
c/o U.S. Securities & Exchange Commission
Washington, DC 20549

RE: Edgar.com/20180226/AC2ZK2228222B2Z2222P2WNGTAANZ222LWA2 (Saba Capital Mgt.)
Edgar.com/20180228/AOZZT22C222TE2Z2222A22Z9DENE222HZUA2 (AOD Presentation)

Dear Sir/Ms.:

On March 14, 2018 Alpine Management Company is seeking shareholder approval to sell the management contract for Alpine Total Dynamic Dividend Fund (AOD) to Aberdeen Asset Managers. In reviewing the proxy, under the "Comparison of the Alpine Advisory Agreement and the New Advisory Agreement" (p. 11) states, "The Alpine Advisory Agreement dated December 18, 2006, was last submitted for approval to a vote of the initial shareholder (identity not provided) on December 18, 2006, prior to the Fund's inception date." The Fund's Board of Directors approved the new investment advisory agreement between the Fund and Aberdeen Asset Managers on December 14, 2017.

In reviewing the composition of the Fund's Board of Directors it appears to be a very follow-the-leader group with all three of the designated 'Independent Trustees' also serving on each of the 12 Alpine Trusts and the six 'Interested Trustees' being members of the Lieber family or employees of Alpine Woods Capital Investors. A very complex mix of businesses.

As a shareholder of the Alpine Total Dynamic Fund, beginning in [REDACTED], I have witnessed significant negative changes in the value of my investment. I have endured a reverse stock restructuring and numerous reductions in the dividend payouts (from [REDACTED] to [REDACTED] today. During these negative periods the Board did nothing to reduce management or performance fees, operational expenses or director fees.

From the October 31, 2017 AOD Annual Report, the financial highlights referenced the Fund earned \$0.69/share in net investment income and \$1.27/share in net realized and unrealized gain (loss). No value was shown for any net realized investment gain that might have been earned in 2017, which at first glance seems strange to me.

Looking into the 16 funds currently under management by Aberdeen Standard, all the funds are trading at a discount to their respective net asset value and appear to have historical trends very similar to the 10-year track record of AOD and its manager.

With the current AOD net asset value (as of February 28, 2018) of \$10.21/share and a current market price of \$9.30/share, it would appear to me the best interest of shareholders would be following one of the Saba Capital Management recommendations. That recommendation would be to allow all shareholders to exit AOD at net asset value, prior to a vote to sell the management of the fund to Aberdeen Standard.

As of the [REDACTED] record date, I held over [REDACTED] shares of AOD, dating back to [REDACTED]. My wife and I are retired and made the AOD investment based upon early fund history and attractive dividend. In my opinion, the investment management of AOD has failed to live-up to the fund's investment objectives. Assistance from Institutional Shareholder Services, Inc. would be greatly appreciated.

Sincerely,

[REDACTED]

Cc: Saba Capital Management
Attn. Boaz Weinstein
405 Lexington Ave., 58th Flr.
New York, NY 10174