

Form ADV Part 2A: Disclosure Brochure

**Karpus Management, Inc.
(doing business as)
Karpus Investment Management**

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This brochure provides information about the qualifications and business practices of Karpus Investment Management. If you have any questions about the contents of this brochure, please contact us at the phone listed above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Karpus Investment Management is available on the SEC's website at www.adviserinfo.sec.gov.

Karpus Investment Management is a registered investment adviser. Registration with the United States Securities and Exchange Commission or any state securities authority does not imply a certain level of skill or training.

Item 2 Summary of Material Changes

Form ADV Part 2 requires registered investment advisers to amend their brochure when information becomes materially inaccurate. If there are any material changes to an adviser's disclosure brochure, the adviser is required to notify you and provide you with a description of the material changes.

Since our last annual updating amendment dated February 10, 2015, there are no material changes to report.

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Item 4 Advisory Business

Description of Services and Fees

Karpus Management, Inc., doing business as Karpus Investment Management, is a registered investment adviser based in Pittsford, New York. Our firm is organized as a corporation under the laws of the State of New York. Karpus Investment Management has been providing investment advisory services since 1986. George W. Karpus is our firm's principal owner.

The following paragraphs describe our services and fees. Please refer to the description of each investment advisory service listed below for information on how we tailor our advisory services to your individual needs. As used in this brochure, the words "we", "our" and "us" refer to Karpus Investment Management and the words "you", "your" and "client" refer to you as either a client or prospective client of our firm.

Investment Advisory Services

We primarily offer discretionary investment advisory services. In limited circumstances and at our sole discretion, we may provide non-discretionary investment advisory services. If you retain our firm, we will meet with you to determine your investment objectives, risk tolerance, and other relevant information (the "suitability information") at the beginning of our advisory relationship. We will use the suitability information we gather to develop a strategy that enables our firm to give you focused investment advice and/or to make investments on your behalf. Once we construct an investment portfolio for you, we will monitor your portfolio's performance and will rebalance the portfolio as required by the terms of our engagement.

In order for our firm to provide discretionary investment management services, we require you to grant our firm discretionary authority to manage your account. Discretionary authorization will allow our firm to determine the specific securities, and the amount of securities, to be purchased or sold for your account without your approval prior to each transaction. Discretionary authority is typically granted by the investment advisory agreement you sign with our firm, a power of attorney, or trading authorization forms. You may limit our discretionary authority (for example, limiting the types of securities that can be purchased for your account) by providing our firm with your restrictions and guidelines in writing. If you enter into non-discretionary arrangements with our firm, we must obtain your approval prior to executing any transactions on behalf of your account.

As part of investment advisory services, we offer "Cash Investment Management Services" and "Asset Management Services" designed for clients with risk levels 1 through 3 and risk levels 4 through 10, respectively. We will determine the appropriate risk level assigned to your portfolio after meeting with you and gathering the suitability information.

For information on our advisory fees, fee deduction arrangements, and rebate policy for both our Cash Investment Management Service and Asset Management Service, please see Item 5 of this brochure.

You may terminate the investment advisory agreement upon 30-days' written notice to our firm. You will incur a pro rata charge for services rendered prior to the termination of the investment advisory agreement, which means you will incur advisory fees only in proportion to the number of days in the quarter for which you are a client. If you have pre-paid advisory fees that we have not yet earned, you will receive a prorated refund of those fees.

Wrap Fee Program(s)

Karpus Investment Management, in a few circumstances, is hired under wrap fee arrangements where a broker-dealer recommends our firm to a client, executes portfolio transactions without any commission charges for the client, tracks the client's performance, pays the Karpus Investment Management's management fees (client directed) and maintains custody of the client's assets, all for a single fee. In these instances, the client is advised and agrees that Karpus Investment Management has no input into the negotiation of trading commissions. Usually portfolio transactions will only occur with the referring broker-dealer, thus avoiding the additional trading costs that would be realized by using other broker-dealers. Karpus Investment Management will usually adhere to the agreements its clients make with specific brokers. Our firm views this arrangement as a specific contract negotiated between the client and broker-dealer, which includes our firm performing only the investment management function. Karpus Investment Management offers no length of service discount for wrap fee accounts or fee sharing arrangements as of January 2012.

Types of Investments

We primarily offer advice on open-end mutual funds, closed-end mutual funds, ETFs and Auction Rate Preferreds (ARPS) related to closed-end funds. A closed-end fund is a type of investment company that generally does not continuously offer shares for sale. Rather, they sell a fixed number of shares at one time (in an initial public offering), after which the shares typically trade on a listed market, such as the New York Stock Exchange, American Stock Exchange or the Nasdaq Stock Market. The price of closed-end fund shares that trade on a secondary market after their initial public offering is determined by the market and may be greater (premium) or less (discount) than the shares' net asset value (NAV). ARPS are senior securities issued by closed-end funds with the purpose of providing enhanced yields to common shareholders through leverage. ARPS are required by Investment Company Act of 1940 to be backed by a minimum of 200% collateral. Should the value of the collateral in the closed-end fund fall below this 200% requirement, the Investment Company Act of 1940 forces the fund to suspend common share dividends immediately. The fund would need to redeem ARPS and restore the asset coverage to 200% if they wish to pay a distribution to common shareholders. ARPS trade on a secondary market where we obtain securities in a bidding process. Additionally, we may advise you on any type of investment that we deem appropriate based on your stated goals and objectives. We may also provide advice on any type of investment held in your portfolio at the inception of our advisory relationship.

Assets Under Management

As of June 30, 2014, we manage approximately \$2,574,427,703 in client assets on a discretionary basis, and approximately \$22,710,862 in client assets on a non-discretionary basis.

Item 5 Fees and Compensation

Investment Advisory Services

Our fees for investment management services are typically based on a percentage of your assets we manage as set forth in the following fee schedules:

Cash Investment Management Service

Our "Cash Investment Management Service" is designed for targeted risk levels 1 through 3. The fee is computed monthly on the annual rates and charged the following month for which services are rendered. The current fee schedule for the management of cash is based on the average invested balance at the following rates:

Fee schedule for Risk Levels 1-3:

1% of market value on first \$1,000,000

.80	of 1% of market value on next \$1,000,000
.60	of 1% of market value on next \$3,000,000
.50	of 1% of market value on next \$5,000,000
.45	of 1% of market value on next \$10,000,000
.40	of 1% on balance

Asset Management Service

Our "Asset Management Service" is designed for targeted risk levels 4 through 10. The investments under our Asset Management service are continuously managed and the guidelines are reviewed at least annually with the clients for any changes in the basic assumptions. The annual management fee is billed and payable quarterly in advance based on the value of your account on the last day of the previous quarter and placed in escrow until earned. Our current fee schedule for Asset Management Services is based on a percentage of your assets we manage and is set forth in the following fee schedule:

<i>Risk Level 4-5:</i>	<i>Risk Level 6-10:</i>	
1.25%	1.50%	of market value on first \$1,000,000
1.05%	1.30%	of market value on next \$1,000,000
.90 of 1%	1.20%	of market value on next \$3,000,000
.80 of 1%	1.10%	of market value on next \$5,000,000
.70 of 1%	1.00%	of market value on next \$10,000,000
.60 of 1%	.90 of 1%	on balance

Karpus Investment Management's investment advisory fees may be negotiated based on account size, complexity or other considerations. Karpus Investment Management imposes a minimum annual fee of \$2,000. Karpus Investment Management can be hired "at will" or on a contract basis. A discount may be applied if the client agrees to a specified contract period. In the event the client terminates the Agreement prior to the end of the contract period selected, the client agrees to pay a termination fee based on the year in which the termination occurs pursuant to the schedule below:

Length of Investment Service:	1 Year	2 Years	3 Years	4 Years	5 Years
Discount from Annual Fee:	5%	10%	15%	20%	25%
Termination Fees Based on Contract Period:	1 Year	2 Years	3 Years	4 Years	5 Years
Termination Fee in First Year	0.5%	1.0%	1.5%	2.0%	2.5%
Second Year		0.5%	1.0%	1.5%	2.0%
Third Year			0.5%	1.0%	1.5%
Fourth Year				0.5%	1.0%
Fifth Year					0.5%

The short-term custody costs associated with the bank custodian recommended by Karpus Investment Management is included. The annual long-term custody costs associated with the bank custodian recommended by Karpus Investment Management is as follows:

Long Term Custody: \$100
Tax services - 1099 preparation: \$100
IRA services: \$50

If the portfolio management agreement is executed at any time other than the first day of a calendar quarter, our fees will apply on a pro rata basis, which means that the advisory fee is payable in proportion to the number of days in the quarter for which you are a client. Our advisory fee is negotiable, depending on individual client circumstances.

We will deduct our fee directly from your account through the qualified custodian holding your funds and securities. We will deduct our advisory fee only when you have given our firm written authorization permitting the fees to be paid directly from your account. Further, the qualified custodian will deliver an account statement to you at least quarterly. These account statements will show all disbursements from your account. You should review all statements for accuracy.

Additional Fees and Expenses

As part of our investment advisory services to you, we may invest, or recommend that you invest, in mutual funds and exchange traded funds. The fees that you pay to our firm for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds or exchange traded funds (described in each fund's prospectus) to their shareholders. These fees will generally include a management fee and other fund expenses. You will also incur transaction charges and/or brokerage fees when purchasing or selling securities. These charges and fees are typically imposed by the broker-dealer or custodian through whom your account transactions are executed. We do not share in any portion of the brokerage fees/transaction charges imposed by the broker-dealer or custodian. To fully understand the total cost you will incur, you should review all the fees charged by mutual funds, exchange traded funds, our firm, and others. For information on our brokerage practices, please refer to the "Brokerage Practices" section of this brochure.

Item 6 Performance-Based Fees and Side-By-Side Management

We discourage and presently do not have any performance-based fees nor do we participate in side-by-side management. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees. Performance-based fees are fees that are based on a share of capital gains or capital appreciation of a client's account. Our fees are calculated as described in the *Advisory Business* section above, and are not charged on the basis of a share of capital gains upon, or capital appreciation of, the funds in your advisory account.

Item 7 Types of Clients

We offer investment advisory services to individuals, investment companies, pension and profit sharing plans, trusts, estates, charitable organizations, corporations, and other business entities.

In general, we require a minimum of \$500,000 to open an Asset Management advisory account or \$1,000,000 to open a Cash Management advisory account. At our discretion, we may waive this minimum account size, however the minimum fee can not be waived. For example, we may waive the minimum asset size if you appear to have significant potential for increasing your assets under our management.

Item 8 Methods of Analysis, Investment Strategies and Risk of Loss

Our Methods of Analysis and Investment Strategies

Karpus Investment Management fundamentally believes that our actively managed, highly diversified, value oriented strategy offers superior total return with below benchmark risk over a full market cycle. Our multi-manager approach offers many advantages, including enhanced yield, broad diversification and the ability to invest in professionally managed funds at a discounted price. The 11 member investment committee has over 160 years of investment experience and is the foundation of our investment process. Senior portfolio managers construct investment matrices outlining how accounts will be invested. The fixed income matrix covers weighting, duration, credit quality and return scenario

of each investment. The committee carefully considers benchmark deviations, weighted duration, overall credit quality and potential return before approving the matrix. The equity matrix consists of three levels; tactical domestic verses international weighting, capitalization and country breakdown and closed-end verses exchange trade fund weighting. The committee carefully considers benchmark deviations and portfolio beta before approving the matrix.

Our investment strategies and advice may vary depending upon each client's specific financial situation. As such, we determine investments and allocations based upon your predefined objectives, risk tolerance, time horizon, financial horizon, financial information, liquidity needs, and other various suitability factors. Your restrictions and guidelines may affect the composition of your portfolio.

We may use short-term trading (in general, selling securities within 30 days of purchasing the same securities) as an investment strategy when managing your account(s). Short-term trading is not a fundamental part of our overall investment strategy, but we may use this strategy occasionally when we determine that it is suitable given your stated investment objectives and tolerance for risk.

Karpus Investment Management may invest in a multitude of securities, index and index based mutual funds, exchange traded funds, closed-end funds, along with auction rate preferreds related to closed-end funds. As with any equity and fixed income security, investment return and principal value of an investment will fluctuate, so when sold or redeemed, they may be worth more or less than the original cost.

The primary risk associated with portfolios managed by Karpus Investment Management is market risk. This is the risk that the overall market declines. This includes, the equity market, the bond market and the market for other asset classes that may be used in a client's portfolio.

All investment programs have certain risks that are borne by the investor. Our investment approach constantly keeps the risk of loss in mind. Investors face the following risks:

- Interest-rate Risk: Fluctuations in interest rates may cause prices to fluctuate. Should interest rates rise it is possible for bond prices to fall.
- Market Risk: The price of a security, bond or mutual fund may drop in reaction to material and non-material events or conditions.
- Inflation Risk: The uncertainty of the future real value (after inflation) of your investment.
- Currency Risk: Exchange rate risk.
- Reinvestment Risk: Risk that future proceeds from investments may have to be invested at potentially lower interest rates.
- Liquidity Risk: The risk stemming from lack of marketability of an investment that cannot be bought or sold quickly enough to prevent or minimize a loss.

ARPS are no longer marketed through the traditional sponsor market but instead are traded on a secondary market at a discount to their par value. Many firms that have issued ARPS have redeemed their shares at par value or a slight discount to par value. There is no guarantee that the remaining outstanding ARPS issued by closed-end funds will be redeemed in the immediate future and there is no guarantee that the secondary market will continue to support sales or purchases of these securities. Losses could occur should ARPS be liquidated prior to redemption. Average holding period of ARPS has been 1.52 years.

Closed-end funds, unlike no load open-end funds have two components. The first NAV (net asset value) is the value of the fund based upon the market price of its holdings. The market price of a closed-end fund may trade at either a discounted price, at NAV, or a premium to the NAV. There is no assurance that in purchasing shares of a closed-end fund that the discount to NAV may not widen due to market events, investor sentiment, or movement in the underlying securities.

Tax Considerations

Our strategies and investments may have unique and significant tax implications. However, unless we specifically agree otherwise, and in writing, tax efficiency is not our primary consideration in the management of your assets. Regardless of your account size or any other factors, we strongly recommend that you continuously consult with a tax professional prior to and throughout the investing of your assets.

Moreover, as a result of revised IRS regulations, custodians and broker-dealers will begin reporting the cost basis of equities acquired in client accounts on or after January 1, 2011. Your custodian will default to the FIFO (First-In First-Out) accounting method for calculating the cost basis of your investments. You are responsible for contacting your tax advisor to determine if this accounting method is the right choice for you. If your tax advisor believes another accounting method is more advantageous, please provide written notice to our firm immediately and we will alert your account custodian of your individually selected accounting method. Please note that decisions about cost basis accounting methods will need to be made before trades settle, as the cost basis method cannot be changed after settlement.

Risk of Loss

Investing in securities involves risk of loss that you should be prepared to bear. We do not represent or guarantee that our services or methods of analysis can or will predict future results, successfully identify market tops or bottoms, or insulate clients from losses due to market corrections or declines. We cannot offer any guarantees or promises that your financial goals and objectives will be met. Past performance is in no way an indication of future performance.

In order to reduce risk and increase safety for our clients, Karpus Investment Management is attracted to the broad diversification and variety of styles of management as well as the opportunity to allocate assets to the domestic and global markets. The closed-end investment companies are publicly traded on the New York and the American Stock Exchanges. Frequently, the selling price on the exchange or market value price is below the fund's net asset value and; therefore, represents an undervalued or inefficiently priced asset. The discount to net asset value is one of the most important criteria for selecting closed end funds. The effect of the discount often negates the additional expense paid at the fund level and provides the opportunity for higher returns over time than constructing a portfolio of individually purchased investments.

ARPS must be redeemed by their parent company in order to receive par value. Should ARPS have to be liquidated in the secondary market, there is no assurance that the sale price will be more than the purchase price. Although we have found the secondary market in ARPS to be active, providing liquidity, there is no guarantee that the secondary market will remain active.

Recommendation of Particular Types of Securities

As disclosed under the "Advisory Business" section in this brochure, we primarily recommend registered investment companies (CEFs), exchange traded funds (ETFs), mutual funds and auction rate preferred (ARPS) derived from closed-end funds. You should be advised of the following risks when investing in these types of securities:

Mutual funds are professionally managed collective investment systems that pool money from many investors and invest in stocks, bonds, short-term money market instruments, other mutual funds, other securities or any combination thereof. The fund will have a manager that trades the fund's investments in accordance with the fund's investment objective. While mutual funds generally provide diversification, risks can be significantly increased if the fund is concentrated in a particular sector of the market, primarily invests in small cap or speculative companies, uses leverage (i.e., borrows money) to a significant degree, or concentrates in a particular type of security (i.e., equities) rather than balancing the fund with different types of securities. The returns on mutual funds can be reduced by the costs to manage the funds. Also, while some mutual funds are "no load" and charge no fee to buy into, or sell out of, the fund, other types of mutual funds do charge such fees which can also reduce returns. Mutual funds can also be "closed end" or "open end". So-called "open end" mutual funds continue to allow in new investors indefinitely, which can dilute other investors' interests.

A closed-end fund is a type of investment company that generally does not continuously offer shares for sale. Rather, they sell a fixed number of shares at one time (in an initial public offering), after which the shares typically trade on a secondary market, such as the New York Stock Exchange or the Nasdaq Stock Market. The price of closed-end fund shares that trade on a secondary market after their initial public offering is determined by the market and may be greater (premium) or less (discount) than the shares' net asset value (NAV).

ARPS are senior securities issued by closed-end funds with the purpose of providing enhanced yields to common shareholders through leverage. ARPS are required by Investment Company Act of 1940 to be backed by a minimum of 200% collateral. Should the value of the collateral in the closed-end fund fall below this 200% requirement, the '40 Act forces the fund to suspend common share dividends immediately. The fund would need to redeem ARPS and restore the asset coverage to 200% if they wish to pay a distribution to common shareholders.

Item 9 Disciplinary Information

Karpus Investment Management has been registered and providing investment advisory services since 1986. Neither our firm nor any of our management persons has any reportable disciplinary information.

Item 10 Other Financial Industry Activities and Affiliations

We have not provided information on other financial industry activities and affiliations because we do not have any relationship or arrangement that is material to our advisory business or to our clients with any of the types of entities listed below.

1. broker-dealer, municipal securities dealer, or government securities dealer or broker
2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or "hedge fund," and offshore fund)
3. other investment adviser or financial planner
4. futures commission merchant, commodity pool operator, or commodity trading advisor
5. banking or thrift institution
6. accountant or accounting firm
7. lawyer or law firm
8. insurance company or agency
9. pension consultant
10. real estate broker or dealer

11.sponsor or syndicator of limited partnerships

Recommendation of Other Advisers

We may recommend that you use a third party adviser ("TPA") for corporate retirement plans based on your needs and suitability. We will receive compensation from the TPA for recommending that you use their services. These compensation arrangements present a conflict of interest because we have a financial incentive to recommend the services of the third party adviser. You are not obligated, contractually or otherwise, to use the services of any TPA we recommend.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Description of Our Code of Ethics

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for persons associated with our firm. Our goal is to protect your interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing with you. All persons associated with our firm are expected to adhere strictly to these guidelines. Persons associated with our firm are also required to report any violations of our Code of Ethics. Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information about you or your account holdings by persons associated with our firm.

Clients or prospective clients may obtain a copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

Participation or Interest in Client Transactions

Neither our firm nor any persons associated with our firm have any material financial interests in client transactions beyond the provision of investment advisory services as disclosed in this brochure.

Personal Trading Practices

Our firm or persons associated with our firm may buy or sell the same securities that we recommend to you or securities in which you are already invested. To eliminate this potential conflict of interest, it is our policy that neither our firm nor persons associated with our firm shall have priority over your account in the purchase or sale of securities.

Item 12 Brokerage Practices

Our firm maintains relationships with several broker-dealers. While you are free to choose any broker-dealer or other service provider, we recommend that you establish an account with a brokerage firm with which we have an existing relationship. Such relationships include benefits provided to our firm, including but not limited to, research, market information, and administrative services that help our firm manage your account(s). Karpus Investment Management has negotiated standard commission rates with all brokers for execution of all exchange listed securities. Price is not the sole factor we consider in evaluating best execution. We also consider the quality of the brokerage services provided by recommended broker-dealers, including the value of research provided, the firm's reputation, execution capabilities, commission rates, and responsiveness to our clients and our firm. In recognition of the value of research services and additional brokerage products and services recommended broker-dealers provide, higher commissions and/or trading costs will be paid than those that may be available elsewhere.

Our Firm believes that all of its clients gain from products, research and services provided by broker-dealers, regardless of where commissions are directed, although it is possible that certain products, research and services may be beneficial only to certain clients while being charged to all clients. Nevertheless, the benefits of the products, research and services are viewed by our firm as global for all its clients, rather than on a client by client basis.

Some of the products, research and services received by our firm may serve a dual purpose of providing both research for the benefits of clients and administrative assistance for the benefit of our firm. Where these mixed-use products, research or services are obtained, we make a reasonable allocation of the cost of products, research and services according to its anticipated use. The portion that assists our firm in making investment decisions is paid for by the higher commission costs, while the portion which does not relate to the investment decision process is paid for directly by our firm. We maintain books and records relative to the allocation of the anticipated use of a mixed-use product, research or service in order to demonstrate a good faith attempt under all the circumstances to make the appropriate allocation.

Karpus Investment Management does not and will not sacrifice the principles of best qualitative execution for the client's account as the determinative factor in selecting a broker-dealer. As such, Karpus Investment Management may choose not to select the broker-dealer providing the lowest possible commission cost, but instead considers the full range of a broker-dealer's services in placing brokerage, including but not limited to, the value of research provided, as well as execution capability, commission rate, financial responsibility and responsiveness to the direction of Karpus Investment Management.

Karpus Investment Management uses the value of the products, research and services given to it as factors in its decision to utilize a broker-dealer. The products, research and services received by the firm include the following types of items: advisory reports on industries and securities; economic, financial and political data (e.g. Bank Credit Analyst, Invest Tech Research); technical and fundamental data (e.g. Options Price Reporting Authority); specific security analysis; research oriented services (e.g. Bloomberg Financial Markets, Advent Software); trading strategies and services including short term custody; clearing and settlement systems (e.g. Depository Trust Company). As a result of obtaining these products, research and services, clients pay commissions higher than those obtainable from other broker-dealers in return for such products, research and services.

The securities transactions placed by Karpus Investment Management for its clients result in the payment of commissions to the brokers or brokerage firms who execute various transactions. As indicated elsewhere, the commissions that are generated may, in some instances, result in the receipt by our firm from the executing brokers of research or non-research services that benefit Karpus Management, Inc and its clients for the purposes referred to elsewhere in this disclosure brochure. A portion of the available benefits received by our firm from executing brokers will, from time to time, be used by our firm for the benefit of its clients through shareholder activism activities. A description of the shareholder activist activities have included preparation and distribution of proxy materials, proxy solicitation costs, shareholder communications, legal fees, research expenses, litigation costs and other related expenses.

As indicated, Karpus Investment Management employs a global approach to allocating the benefits of products, research and services to all of its clients and does not necessarily apply the benefits on a client by client basis.

We encourage the use of a bank custodian for safekeeping of assets, collection of income and ease in settlement of trades. The use of a bank custodian allows our firm to bundle accounts into a trading block for furthering account participation in a particular trade. Under this transaction, each client pays

its proportionate share of the trading commission. Our firm has negotiated discounted custodial services with a bank trust department. Each client enjoys other benefits, such as immediate crediting of dividends and interest, daily sweep of available cash to high interest paying money market funds, etc. Short term custody fees are regularly billed to brokers who execute transactions for Karpus Investment Management and are paid by the brokers for the benefit of all clients who utilize custodial arrangements.

KMI will arbitrarily assign trades to soft-dollar brokers or brokers that refer business to KMI. Large trades will be assigned across the trading platform so not only one broker dealer is accumulating or selling securities (specifically CEFs). KMI will not sacrifice best execution in the assignment of trades. ETFs will be filled according to the market price. CEFs are filled according to a limit price. Trades are directed by the portfolio manager/trader based upon the trading platforms available to them, the size of the position traded and the responsiveness of the platform for price changes.

The use of limit orders levels the playing field of brokers. This insures fair treatment of clients above the referral arrangement.

See Item 14 for conflicts of interest, client referrals and other compensation.

Brokerage Client Referrals

We may receive client referrals from broker-dealers in exchange for cash or other compensation, such as brokerage services or research. Please see Item 14 for more information.

Directed Brokerage

If a client directs Karpus Investment Management to purchase and sell securities with a specific broker for all transactions for their portfolio, Karpus Investment Management will follow the directions, although the ability of Karpus Investment Management to negotiate brokerage commissions could be considerably reduced or eliminated and Karpus Investment Management may be incapable of achieving the best price and lowest commission for the client's portfolio. The client should be aware that by directing trades through a specific brokerage institution, there is a strong probability of losing opportunities associated with the benefits of block trading, and possible constraints with the availability of securities. Karpus Investment Management requires a letter from the client specifically outlining specificity of trading. In the case of client-directed brokerage transactions, the client should be aware that Karpus Investment Management cannot guarantee that such orders will be executed as promptly, or with the best execution, as orders which are placed directly by Karpus Investment Management for its clients who do not direct that brokerage transactions be executed through a designated broker. One reason for this is that most client-directed brokerage orders might be placed by telephone, while orders placed directly by Karpus Investment Management will be placed electronically. As a result, electronically placed orders may be executed "ahead" of orders that are client directed. This could result in a client's directed order not being executed, whereas other clients of Karpus Investment Management may have their orders executed.

Block Trades

Karpus Investment Management places block trade orders through brokerage firms that maintain omnibus trading accounts that are in the name of the custodian bank as custodian for the clients of Karpus Investment Management. The omnibus accounts represent subsidiary custodians for the bank custodian. When the trades are settled, they are immediately reflected on the bank custodian's records. Karpus Investment Management has instituted a policy prohibiting cross transaction between its managed accounts.

Item 13 Review of Accounts

Reviews are conducted dynamically by account portfolio managers. Accounts are reviewed during the daily course of doing business by individual account and/or across accounts to ensure proper allocations. Triggering events include a large trade, which is allocated to many accounts, a routine portfolio check by the portfolio manager and/or the administrator, a formal quarterly portfolio audit and the review of audit results by our compliance team. Reviews entail an individual portfolio's conformity with our investment matrix, designated risk level profile and compliance with any individual mandates and/or restrictions. Formal quarterly audits consist of identifying portfolio outliers based on: 1) cash held, 2) investment performance (relative to similar risk levels), and 3) portfolio turnover. All outliers are given to the appropriate portfolio managers for the portfolios in question. The portfolio managers must then explain why each account is an outlier. These explanations are then given to a random auditor in the investment area (not affiliated with the portfolio). These auditors must sign off that each outlier has been reasonably explained or bring any issues to the Chief Compliance Officer. Finally, the quarterly audits with explanations are given to the compliance audit team for review.

The clients receive the following reports at least quarterly:

- 1) Portfolio Appraisal-assets of the account are inventoried by cost and market value; estimated annual income by investment is provided, percentage breakdown at market of each investment and asset class is shown.
- 2) Transaction Summary - a chronological list of account transactions showing date, description, dollar amount and source or destination of funds.
- 3) Performance Report - shows cash flows and portfolio rate of return on a dollar weighted basis.

The client receives the following reports at least annually:

- 1) Performance Measurement - a marked-to-market total return performance analysis based on time weighted method of computing performance. Also, dollar weighted total returns are given to clients at least annually.
- 2) Individual client tax data - 1099's from custodian, capital transactions and expenses.
- 3) Other reports: Asset reconciliation is available request.

Item 14 Client Referrals and Other Compensation

Please refer to the *Brokerage Practices* section above for disclosures on research and other benefits we may receive resulting from our relationship with the acting broker-dealer or custodian for your account(s).

Karpus Investment Management has an understanding with certain firms/brokers/broker dealers "brokers" to attempt to direct brokerage business to such brokers who refer investment management clients to Karpus Investment Management. Commissions paid to such referring brokers are structured to reward such referring brokers for the referral of clients to Karpus Investment Management. Our firm pays such commissions on trades within ERISA and non-ERISA accounts. In those cases in which ERISA account trades were directed to a referring broker, the ERISA plan received the benefit of trade aggregations, which resulted in trades being executed on a pro-rata basis in various instances where it was possible that the ERISA account may not have been able to participate. We believe that the net brokerage commissions paid in these instances were reasonable, that the arrangement with the referring broker was within the requirements of best execution for the trades, and that the net commissions were properly allocated between ERISA accounts and non-ERISA accounts.

Currently, Karpus Investment Management has this understanding with Weinberg Wealth Management through WRP (Sterne Agee), Strategic Asset Management, and certain Smith Barney representatives. All referring brokers may have either fee sharing arrangements and/or WRAP programs with Karpus

Investment Management and in addition to the direct compensation paid to such referring broker receives directed commissions, further increasing the compensation to the referring entity. Brokerage directed to such referring firms may or may not come from the client's referred account. Brokerage may also be directed to Pension Fund Evaluations, Inc. (PFE), who is also a consultant for several Karpus Investment Management clients, which allows PFE to test execution abilities. Karpus Investment Management acknowledges that conflicts of interest occur by directing commissions to referring brokers, such as enticements to refer further business to Karpus Investment Management. Karpus Investment Management, however, will not go beyond acceptable pricing of securities to direct business to any broker or referral entity.

Karpus Investment Management acknowledges conflicts of interest occur by directing commission to brokers who refer clients to Karpus Investment Management. Commission used in this fashion have no benefit to clients, only to Karpus Investment Management and referring brokers. Referring brokers with fee sharing agreements or consultants, receive compensation above their agreement or fee, through commissions.

Karpus Investment Management has written agreements with ten financial services firms that requires our firm to pay the financial service firms an annual fee as follows: 20% of the annual management fee is paid to four of the firms and 40% of the annual management fee is paid to six firms unless mutually waived by the financial service firm and Karpus Investment Management. One of the fee sharing financial services firms also perform accounting or other services for our firm. Bonadio Capital Advisors, LLC (wholly owned by Bonadio and Assoc.), performs income tax preparation and prepares financial statements for Karpus Investment Management.

These arrangements are disclosed in writing to all clients of the respective financial services firms referred to Karpus Investment Management at the outset of the relationship. The payment is made in recognition that the financial services firm referred the client and may provide other services directly to the client such as client meetings and overall consulting services.

Referring brokers and affiliated entities may receive discounted advisory fees from normal fee schedules for their proprietary accounts (according to the level of service provided by Karpus Investment Management). Such discounts may or may not be available for certain Karpus Investment Management advisory clients.

Item 15 Custody

As paying agent for our firm, your independent custodian will directly debit your account(s) for the payment of our advisory fees. This ability to deduct our advisory fees from your accounts causes our firm to exercise limited custody over your funds or securities. We do not have physical custody of any of your funds and/or securities. Your funds and securities will be held with a bank, broker-dealer, or other independent, qualified custodian. You will receive account statements from the independent, qualified custodian(s) holding your funds and securities at least quarterly. The account statements from your custodian(s) will indicate the amount of our advisory fees deducted from your account(s) each billing period. You should carefully review account statements for accuracy.

You should review the statements from your account custodian(s) to reconcile the information reflected on each statement. If you have a question regarding your account statement, or if you did not receive a statement from your custodian, please contact us directly at the telephone number on the cover page of this brochure.

Item 16 Investment Discretion

Before we can buy or sell securities on your behalf, you must first sign our discretionary management agreement, a power of attorney, and/or trading authorization forms.

You grant our firm discretion over the selection and amount of securities to be purchased or sold for your account(s) without obtaining your consent or approval prior to each transaction. You may specify investment objectives, guidelines, and/or impose certain conditions or investment parameters for your account(s). For example, you may specify that the investment in any particular stock or industry should not exceed specified percentages of the value of the portfolio and/or restrictions or prohibitions of transactions in the securities of a specific industry or security. Please refer to the "Advisory Business" section in this brochure for more information on our discretionary management services.

If you enter into non-discretionary arrangements with our firm, we will obtain your approval prior to the execution of any transactions for your account(s). You have an unrestricted right to decline to implement any advice provided by our firm on a non-discretionary basis.

Item 17 Voting Client Securities

Proxy Voting

We will determine how to vote proxies based on our reasonable judgment of the vote most likely to produce favorable financial results for you. Proxy votes generally will be cast in favor of proposals that maintain or strengthen the shared interests of shareholders and management, increase shareholder value, maintain or increase shareholder influence over the issuer's board of directors and management, and maintain or increase the rights of shareholders. We will apply strategies such as not voting shares or withholding votes in certain circumstances to prevent a quorum or compel an otherwise unwilling board and fund management to proactively discuss issues we believe impact shareholder value. Generally, proxy votes will be cast against proposals having the opposite effect. However, we will consider both sides of each proxy issue. Unless we receive specific instructions from you, we will not base votes on social considerations.

Except in the case of a conflict of interest as described below, we do not accept direction from you on voting a particular proxy.

Conflicts of interest between you and our firm, or a principal of our firm, regarding certain proxy issues could arise. If we determine that a material conflict of interest exists, we will take the necessary steps to resolve the conflict before voting the proxies. For example, we may disclose the existence and nature of the conflict to you, and seek direction from you as to how to vote on a particular issue; we may abstain from voting, particularly if there are conflicting interests for you (for example, where your account(s) hold different securities in a competitive merger situation); or, we will take other necessary steps designed to ensure that a decision to vote is in your best interest and was not the product of the conflict.

We keep certain records required by applicable law in connection with our proxy voting activities. You may obtain information on how we voted proxies and/or obtain a full copy of our proxy voting policies and procedures by making a written or oral request to our firm.

You may request a copy of our proxy voting policies and procedures at any time by calling our office.

Item 18 Financial Information

We are not required to provide financial information to our clients because we do not:

- require the prepayment of more than \$1,200 in fees and six or more months in advance, or
- take custody of client funds or securities, or
- have a financial condition that is reasonably likely to impair our ability to meet our commitments to you.

Item 19 Requirements for State-Registered Advisers

Our firm is not required to respond to this item as it is not state-registered. Karpus Investment Management is registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

Item 20 Additional Information

Your Privacy

We view protecting your private information as a top priority. Pursuant to applicable privacy requirements, we have instituted policies and procedures to ensure that we keep your personal information private and secure.

We do not disclose any nonpublic personal information about you to any nonaffiliated third parties, except as permitted by law. In the course of servicing your account, we may share some information with our service providers, such as transfer agents, custodians, broker-dealers, accountants, consultants, and attorneys.

We restrict internal access to nonpublic personal information about you to employees, who need that information in order to provide products or services to you. We maintain physical and procedural safeguards that comply with regulatory standards to guard your nonpublic personal information and to ensure our integrity and confidentiality. We will not sell information about you or your accounts to anyone. We do not share your information unless it is required to process a transaction, at your request, or required by law.

You will receive a copy of our privacy notice prior to or at the time you sign an advisory agreement with our firm. Thereafter, we will deliver a copy of the current privacy policy notice to you on an annual basis. Please contact our main office at the telephone number on the cover page of this brochure if you have any questions regarding this policy.

Trade Errors

In the event a trading error occurs in your account, our policy is to restore your account to the financial position it should have been in had the trading error not occurred. All trading errors are cleared through an error and loss account and not through client accounts.

Class Action Lawsuits

We do not determine if securities held by you are the subject of a class action lawsuit or whether you are eligible to participate in class action settlements or litigation. Additionally, we will not initiate or participate in litigation to recover damages on your behalf for injuries as a result of actions, misconduct, or negligence by issuers of securities held by you.