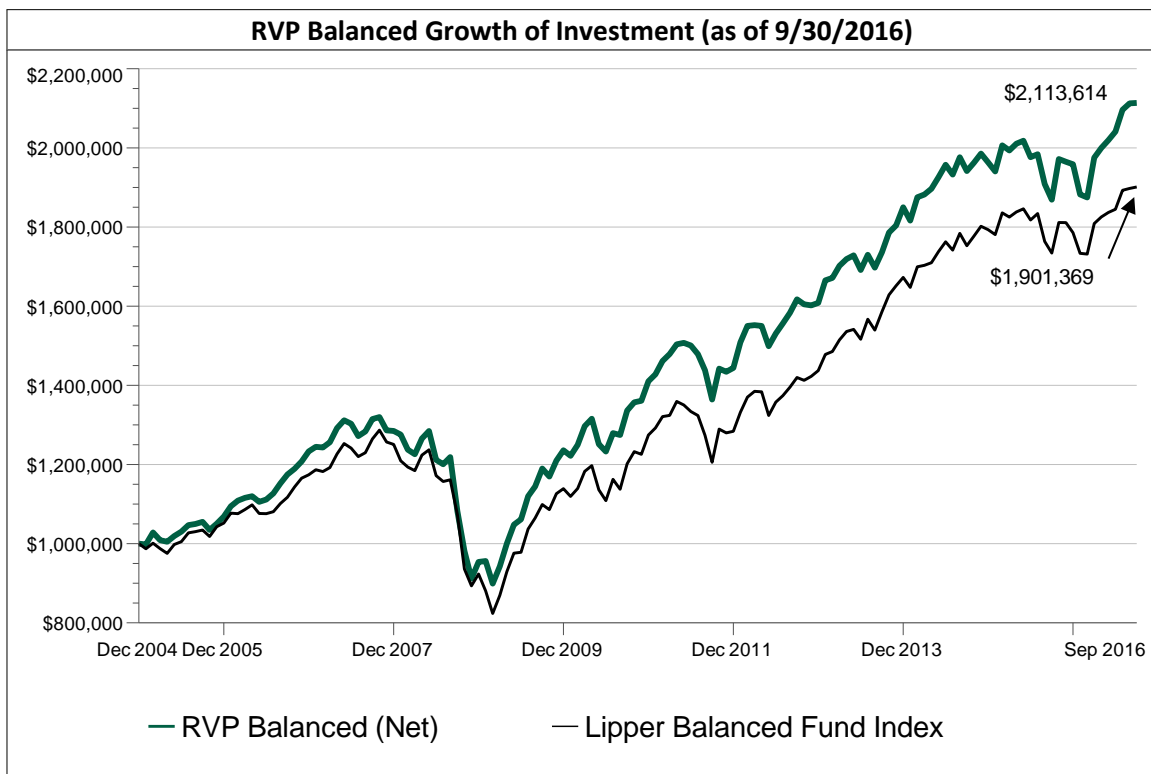


Patience Rewarded

October 2016

For all the ongoing market concerns, the 3rd quarter ended with higher asset values. At the start of the year, we felt strongly that the economy was not going to slide into a recession and the FOMC would not raise rates four times. The economy and the Fed Funds rate remained stable, but it has not been a smooth ride. The market anticipated that the FOMC would increase short term interest rates, only for the hike to be delayed time and time again. Frustration with Washington has been accelerating. S&P earnings were in a recession, falling two consecutive quarters, largely driven by lower oil prices. Typically an indicator of economic prospects, the 10 Year US Government yield hit an all-time low of 1.36% in July. Yet weeks later, the S&P 500 climbed to an all-time high of 2,193 and credit spreads painted a healthy picture of the US economy. We can take many lessons from this quarter, but most important is that buying quality assets when they are at attractive prices and having the patience to see them through can be financially rewarding.



Strategy	Lipper Ranking Since Inception	Cumulative Performance Since Inception	Annualized Performance Since Inception
RVP Balanced (inception 12/31/04)	9 out of 253	111.40%	6.58%
Mutual Fund Peer Group (252 Funds)	(96 TH Percentile)	78.3%*	5.04%*

Inception Date: RVP Balanced 12/31/04

*Median Return

RVP Balanced Mutual Fund Peer Group: Lipper Mixed-Asset Target Allocation Moderate Funds

Source: Zephyr StyleAdvisor

At the end of the third quarter, all RVP core strategies performed well, both nominally and relative to their respective benchmarks. The Balanced Strategy returned 7.91% year-to-date through the end of the third quarter. The Fixed Income Strategy returned 8.32% and the Absolute Return Strategy returned 9.02%. Our newest strategy, Durable Income returned 16.64%. We are pleased with our positioning and returns, and still see significant value going forward.

Among our fixed income holdings, the closed-end fund positions added value across the board. We experienced strong NAV performance and funds experienced some discount tightening. A few of our core multi-sector holdings performed well. While our short duration allocation, primarily to senior loan funds, also boosted returns. We sought to mildly reduce risk as increased valuations on specific positions diminished their value proposition. We were able to sell select funds near net asset value. Despite discount tightening, we believe portfolio valuations remain attractive, especially given the backdrop of low yields, slow economic growth and limited new issue supply. As of this writing, discounts in our Fixed Income Strategy are deeper than 8%.

Our equity positions also performed well as the value segment of the market outperformed the growth segment. Some long term holdings such as Royce Value Trust (RVT), Tri-Continental Corp (TY) and Special Opportunities Fund (SPE) provided meaningful returns relative to the S&P 500, as did some newer tactical positions like Powershares FTSE RAFI (PRF) and Alerian MLP ETF (AMLPE). Equity closed-end fund discounts remained near year-end levels and cheap historically. Sir John Templeton said, "Bull markets die on euphoria". Before this bull market dies, we expect to see tighter equity discounts. As of this writing, discounts in the Equity Strategy are greater than 12%.

For our balanced and equity oriented strategies, we added SPDR Bank ETF (KBE) to the portfolio near the end of the quarter. KBE is an ETF that invests primarily in regional and money center banks, avoiding the broker dealers and insurance companies that often make up broader financial sector ETFs. We believed it was an appropriate time to increase our sub-sector exposure for three reasons: banks are trading at a meaningful discount to the rest of the market, and their historical average valuation; we expect that bank earnings will increase significantly if interest rates eventually move higher; and we believe the position could help offset volatility among other positions if rates move higher quickly. We will pay close attention should any element of our thesis change. We will also watch for the opportunity to increase the position size if valuations become more attractive.

Two other highlights of the quarter were the result of a widely held position, Special Opportunity Fund (SPE). SPE is a unique equity oriented strategy that is well served by the closed-end fund structure. Run by Phil Goldstein, an experienced activist investor, the fund focuses on unlocking value in discounted assets. In August, SPE shareholders received rights to purchase a newly issued convertible preferred on SPE. We believe the issue has attractive income characteristics, a 3.5% tax advantaged coupon with a 5-year term, and attractive upside potential due to its convertible feature. The second highlight was the announcement of a tender of up to 14% of the outstanding common shares at a 3% discount to NAV. This tender will be completed in October and will be accretive to returns. We will look to redeploy the funds into new opportunities.

The fourth quarter is traditionally our most anticipated, however, this year may be for different reasons. We do not expect the traditional opportunities from tax loss selling or new issue supply. However, fear of aggressive FOMC interest rates hikes or an election surprise has the potential to bring market turmoil. Equity markets traditionally favor the incumbent party, which we see as the more likely outcome. We believe portfolios will continue to generate strong cash flow from the high distribution yields of the portfolio and various activist or NAV realization events. The strong yields, slow new issue

supply and ongoing activism are all positive influences that should support closed-end fund discounts going forward.

Lastly, if anything affecting your financial situation has changed or if there have been any updates to your contact information, please let us know. We greatly appreciate your continued trust in RVP.

Sincerely,

A handwritten signature in cursive script, appearing to read "Maury".

Maury Fertig

A handwritten signature in cursive script, appearing to read "Bob".

Bob Huffman

Relative Value Partners Group, LLC Absolute Return Composite Net Returns

	YTD (ending 9/30/16)	1 Year (ending 9/30/16)	3 Years Annualized (ending 9/30/16)	5 Years Annualized (ending 9/30/16)	Since Inception (5/31/06 to 9/30/16) Annualized
RVP Absolute Return	9.02%	11.27%	4.14%	3.96%	6.33%
3 Month T-Bill	0.24%	0.27%	0.11%	0.10%	1.05%

Relative Value Partners Group, LLC Fixed Income Composite Net Returns

	YTD (ending 9/30/16)	1 Year (ending 9/30/16)	3 Years Annualized (ending 9/30/16)	5 Years Annualized (ending 9/30/16)	Since Inception (12/31/04 to 9/30/16) Annualized
RVP Fixed Income	8.32%	9.97%	5.57%	4.98%	5.54%
Barclays Aggregate Bond Index	5.80%	5.19%	4.03%	3.08%	4.54%

Relative Value Partners Group, LLC Balanced Composite Net Returns

	YTD (ending 9/30/16)	1 Year (ending 9/30/16)	3 Years Annualized (ending 9/30/16)	5 Years Annualized (ending 9/30/16)	Since Inception (12/31/04 to 9/30/16) Annualized
RVP Balanced	7.91%	13.09%	6.78%	9.15%	6.58%
60/40 Benchmark*	7.13%	11.43%	8.42%	11.05%	6.47%

*60% S&P 500/40% Barclays Aggregate Bond Index, reweighted monthly

Relative Value Partners Group, LLC Absolute Return 30 Composite Net Returns

	YTD (ending 9/30/16)	1 Year (ending 9/30/16)	3 Years Annualized (ending 9/30/16)	5 Years Annualized (ending 9/30/16)	Since Inception (6/30/10 to 9/30/16) Annualized
RVP Absolute Return 30	9.86%	13.51%	6.29%	7.28%	7.21%
30% S&P 500 /70% 3 Month T-Bill	2.55%	4.77%	3.44%	4.88%	4.55%

Relative Value Partners Group, LLC Limited Duration Fixed Income Composite Net Returns

	YTD (ending 9/30/16)	1 Year (ending 9/30/16)	Since Inception (9/30/13 to 9/30/16) Annualized
RVP Limited Duration Fixed Income	8.67%	10.85%	5.23%
Barclays 1-5 yr Corporate Total Return Index	3.71%	3.33%	2.58%

Relative Value Partners Group, LLC Durable Income Composite Net Returns

	YTD (ending 9/30/16)	1 Year (ending 9/30/16)	Since Inception (5/31/14 to 9/30/16) Annualized
RVP Durable Income	16.64%	16.83%	7.61%
Barclays US Corp High Yield Index	15.11%	12.73%	3.24%

Relative Value Partners Group, LLC Global Equity Composite Net Returns

	YTD (ending 9/30/16)	1 Year (ending 9/30/16)	3 Years Annualized (ending 9/30/16)	5 Years Annualized (ending 9/30/16)	Since Inception (4/30/07 to 9/30/16) Annualized
RVP Global	5.41%	9.79%	3.04%	8.38%	4.38%
MSCI EAFE Index	2.20%	7.06%	0.93%	7.88%	0.46%

Relative Value Partners Group, LLC Equity Composite Net Returns

	YTD (ending 9/30/16)	1 Year (ending 9/30/16)	3 Years Annualized (ending 9/30/16)	5 Years Annualized (ending 9/30/16)	Since Inception (12/31/04 to 9/30/16) Annualized
RVP Equity	7.68%	15.26%	7.89%	11.52%	7.10%
S&P 500	7.84%	15.43%	11.16%	16.37%	7.31%

Relative Value Partners Group, LLC (RVP) is a registered investment advisor. Prior to July 1, 2015, RVP was known as Relative Value Partners, LLC. The Balanced Account composite contains fully discretionary balanced accounts and for comparison purposes is measured against the 60/40 Benchmark. The 60/40 Benchmark is comprised of 60% S&P 500 and 40% Barclays Aggregate Bond Index, reweighted monthly. The Absolute Return Composite contains fully discretionary absolute return accounts and for comparison purposes is measured against the 3 Month Treasury bill. The Equity Account Composite contains fully discretionary equity accounts and for comparison purposes is measured against the S&P 500. The Fixed Income composite contains fully discretionary fixed income accounts and for comparison purposes is measured against the Barclays Aggregate Bond Index. The Global Equity Composite contains fully discretionary Global Equity accounts and for comparison purposes is measured against the MSCI EAFE Index. The Absolute Return 30 composite contains fully discretionary Absolute Return 30 accounts and for comparison purposes is measured against 30% S&P 500/70% 3 Month T-Bill, reweighted monthly. The Limited Duration Fixed Income composite contains fully discretionary Limited Duration Fixed Income accounts and for comparison purposes is measured against the Barclays 1-5 year Corporate Total Return Index. The Durable Income Composite contains fully discretionary Durable Income accounts and for comparison purposes is measured against the Barclays US Corporate High Yield Index.

All returns are shown in US dollars and are net of actual fees. The returns shown include the reinvestment of dividends and other earnings. Accounts may own levered closed-end funds or ETFs and may short ETFs. Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk and there can be no assurances that any specific investment will be profitable. Investors may experience a loss.

RVP claims compliance with the Global Investment Performance Standards (GIPS®).

To receive a complete list and description of RVP's composites and/or a presentation that adheres to the GIPS standards, contact Catherine Goel at (847) 513-6300, or write RVP, 1033 Skokie Blvd, Ste 470 Northbrook, IL 60062, or cgoel@rvpllc.com.