CBRE CLARION GLOBAL REAL ESTATE INCOME FUND
Form N-CSR
March 05, 2019
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21465

CBRE Clarion Global Real Estate Income Fund

(Exact name of registrant as specified in charter)

201 King of Prussia Road, Suite 600

Radnor, PA 19087

(Address of principal executive offices) (Zip code)

T. Ritson Ferguson, President and Chief Executive Officer

CBRE Clarion Global Real Estate Income Fund

201 King of Prussia Road, Suite 600

Radnor, PA 19087

(Name and address of agent for service)

Registrant s telephone number, including area code: 1-877-711-4272

Date of fiscal year end: December 31

Date of reporting period: December 31, 2018

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Table of Contents

Item 1. Reports to Stockholders.

The Report to Shareholders of CBRE Clarion Global Real Estate Income Fund (the Trust) is attached herewith.

Table of Contents

CBRE CLARION GLOBAL REAL ESTATE

INCOME FUND

Annual Report for the Year Ended December 31, 2018

Table of Contents

CBRE Clarion Global Real Estate Income Fund (the Trust), acting in accordance with an exemptive order received from the Securities and Exchange Commission and with approval of its Board of Trustees (the Board), has adopted a managed distribution policy with the purpose of distributing over the course of each year, through periodic distributions as nearly equal as practicable and any required special distributions, an amount closely approximating the total taxable income of the Trust during such year plus, if so desired by the Board, all or a portion of the capital gains and returns of capital from portfolio companies received by the Trust during the year.

In furtherance of its policy, the Trust distributes a fixed amount per common share, currently $0.05, each month to its common shareholders. This amount is subject to change from time to time in the discretion of the Board. In an effort to maintain the Trust s monthly distribution at a stable level, the Board recognizes that a portion of the Trust s distributions may be characterized as a return of capital, particularly in periods when the Trust incurs losses on its portfolio securities. Under such circumstances, the Board will not necessarily reduce the Trust s distribution, but will closely monitor its sustainability, recognizing that losses may be reversed and that, in subsequent periods, gains on portfolio securities may give rise to the need for a supplemental distribution, which the Trust seeks to minimize. In considering sustainability, the Board may consider realized gains that have been offset, for the purposes of calculating taxable income, by capital loss carryforwards. Thus, the level of the Trust s distributions will be independent of its performance for a particular period, but the Trust expects its distributions to correlate to its performance over time. In particular, the Trust expects that its distribution rate in relation to its net asset value (NAV) will correlate to its total return on NAV over time. The Trust s total return on NAV is presented in the financial highlights table.

Shareholders should not draw any conclusions about the Trust s investment performance from the amount of the current distribution or from the terms of the Trust s managed distribution policy. The Board may amend or terminate the policy without prior notice to shareholders. Shareholders should note that the managed distribution policy is subject to change or termination for a variety of reasons. Through its ownership of portfolio securities, the Trust is subject to risks including, but not limited to, declines in the value of real estate held by portfolio companies, risks related to general and local economic conditions, and portfolio company losses. An economic downturn might have a material adverse effect on the real estate markets and the real estate companies in which the Trust invests, which could result in the Trust failing to achieve its investment objectives and jeopardizing the continuance of the managed distribution policy. Please refer to the Trust s Prospectus for a fuller description of the risks associated with investing in the Trust.

Table of Contents

Table of Contents

CBRE CLARION GLOBAL REAL ESTATE INCOME FUND ANNUAL REPORT 2018

Investors should consider a fund s investment objectives, risks, charges and expenses carefully before investing. A copy of the prospectus that contains this and other information about the Fund may be obtained by calling 888-711-4272. Please read the prospectus carefully before investing. Investing in closed-end funds involves risk, including possible loss of principal. Past performance does not guarantee future results.

Real Estate investments are subject to changes in economic conditions, credit risk, and interest rate fluctuations. International investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles or from economic or political instability in other nations. Because real estate funds concentrate their investments in the real estate industry, the portfolio may experience more volatility and be exposed to greater risk than the portfolios of other funds.

Closed-end funds are traded on the secondary market through one of the stock exchanges. The Fund s investment return and principal value will fluctuate so that an investor s shares may be worth more or less than the original cost. Shares of closed-end funds may trade above (a premium) or below (a discount) the net asset value (NAV) of the fund s portfolio. There is no assurance that the Fund will achieve its investment objective.

Table of Contents

Letter to Shareholders

T. Ritson Ferguson

Steven D. Burton

Dear Shareholder:

We are pleased to present the 2018 Annual Report for the CBRE Clarion Global Real Estate Income Fund (the Trust).

Performance Review

Real estate stocks were negative during 2018, outperforming broad equities [(1)] but underperforming bonds [(2)]. Listed real estate companies trailed equities for much of the year until the fourth quarter when they were down less as investors became more defensive, seeking the stability and dividend yield of listed real estate. Equity markets became particularly volatile late in the year on concerns of slowing global economic growth and elevated geo-political risk. These concerns increasingly brought into question the magnitude of a corporate earnings slowdown, economic deceleration and monetary policy which has been tightening globally, led by the U.S. Federal Reserve Bank which raised its policy rate four times in 2018 to a 2.25-2.5% target range by the end of the year. The yield on the U.S. 10-year Treasury bond reflected increased concerns of an economic slowdown by finishing the year at 2.68% versus 3.05% three months ago (and 2.41% one year ago).

Property companies in the Asia-Pacific region performed the best during the year as they were down less, supported by positive total return in Japan which offset weakness elsewhere in the region from headwinds caused by trade tariff uncertainty between the U.S. and China. European shares suffered from worries on slowing economic growth exacerbated by Brexit and concerns about the ability of Italy to manage its deficit within the guidelines of the euro zone. North American property companies were -5.0% for the year. Weak performance occurred despite earnings growth which remained steady during the year across our coverage universe.

Global Real Estate Market Performance

Performance as of December 31, 2018

Region/Country	1H18	2H18	2018
North America [(3)]	0.9%	-5.9%	-5.0%
Europe [(3)]	-1.2%	-11.8%	-12.9%
Asia-Pacific [(3)]	0.1%	-2.0%	-1.9%
Global Common Stock [(3)]	0.4%	-6.0%	-5.6%
U.S. Preferred [(4)]	-0.7%	-7.6%	-8.3%

80/20 Blend of Global Common	0.2%	-6.2%	-6.1%

(1) As measured by the MSCI World Index, which returned -8.20% in 2018.
(2) As measured by the Bloomberg Barclays Global Aggregate Index, which returned -1.20% in 2018.
(3) Represented by the FTSE EPRA/NAREIT Developed Index Net. The Index is an unmanaged market-weighted index consisting of real estate companies from developed markets, where greater than 75% of constituents EBITDA (earnings before interest, taxes, depreciation, and amortization) is derived from relevant real estate activities, and is calculated net of withholding taxes. **Investors cannot invest directly in an index.**
(4) Represented by the MSCI REIT Preferred Index, a preferred stock market capitalization weighted index of certain exchange traded preferred securities issued by U.S. equity and U.S. hybrid REITs. **Investors cannot invest directly in an index.**

Table of Contents

Performance Review

The Trust s net asset value (NAV) return was -9.7% during 2018 as the result of broadly negative returns globally, particularly during the second half of the year. Bright spots included holdings in regions or property types which are perceived to be more defensive, including those in Japan, northern Europe and the U.S. healthcare, self-storage, industrial and residential sectors. Exposure to the U.S. retail sector created a drag on performance in both the mall and shopping center property types despite elevated merger and acquisition (M&A) activity among Class A malls. Retail has historically been a stable defensive property sector given the long-term duration of leases and consistent consumer demand, but has been beset by negative headlines surrounding retailer store closings and increased penetration of on-line shopping. Positions in the data center sector also detracted from returns as these companies were negatively impacted by a broad sell-off in technology stocks late in the year. In the Asia-Pacific region, the Trust benefited from investments in outperforming Japan, where returns were positive, but this was more than offset by negative contribution elsewhere in the region which was negatively impacted by geo-political concerns including the impact from trade tariffs. European positions were generally negative with the exception of some holdings in Scandinavia, Belgium and Germany, which continued to see steady demand in the office and residential markets.

The Trust made total distributions of $0.60 per share during 2018, a level monthly distribution of $0.05 per share, which represents a 9.7% distribution rate on the $6.16 share price and a 7.9% distribution rate on the $7.55 NAV as of December 31st. (5) The Board will continue to review the level and sustainability of the Trust s distribution in light of market conditions and the return potential of the portfolio.

The Trust continues to maintain a flexible and relatively low level of portfolio leverage. The Trust s leverage position was 8% as of December 31st.

Portfolio Review

The Trust s investments remain well-diversified by property type and geography. At December 31st, the Trust s portfolio was approximately 48% invested in common stock within the Americas region, 19% in Asia-Pacific, 13% in Europe, with 20% invested in preferred stock of U.S. real estate companies. During the year, capital was rotated from Europe to North America. The Trust modestly increased its investments in preferred stocks throughout the year from 18% of the portfolio to 20%, as preferred stocks continue to provide stable, well-covered dividend income.

We are positive on property types and markets with valuations that are attractive relative to their growth. In the U.S., we favor the residential, self-storage, class A mall and technology companies. We also prefer grocery-anchored shopping centers and west coast urban office. Within residential, we like manufactured housing, single family home-for-rent companies and apartment REITs, which are benefitting from firming demand, particularly in the coastal markets.

In Europe, we are positioned prudently to begin the year given the elevated risks surrounding Brexit. We favor the U.K. niche sector of student housing and the industrial sector, which continues to generate superior earnings growth on strong fundamentals. In Continental Europe, we prefer property companies in markets with superior growth, including Spain and the Nordic region, and we are cautious on retail. We continue to like German residential given its attractive combination of yield and growth which scores well in our stock ranking system.

(5) The Fund is currently paying distributions in excess of its net investment income, which may result in a return of capital. Absent this, the distribution rate would have been lower. The estimated composition of each distribution,

including any return of capital, will be provided to shareholders of record and is also available at www.cbreclarion.com.

Table of Contents

Portfolio Review

We are cautious and selective in markets and property types which appear expensive relative to their rate of earnings growth. This includes the Singapore and Canada markets, as well as the U.S. lodging, net lease, skilled nursing and suburban office sectors. This also includes Class B mall/shopping center companies globally.

In Australia, our outlook is mixed as property companies are benefiting from an attractive combination of yield and growth, although variation in property fundamentals range from a robust office market to an uncertain retail market and a residential market which is meeting headwinds of affordability. Increased M&A activity however is generating an underlying bid for the Australian REITs.

Geographic Diversification

Sector Diversification

Source: CBRE Clarion Securities as of 12/31/2018.

Geographic and Sector diversification are unaudited. Percentages presented are based on managed trust assets, which include borrowings. The percentages in the pie charts will differ from those on the Portfolio of Investments because the figures on the Portfolio of Investments are calculated using net assets of the Trust.

Market Outlook

Economic growth is improving but decelerating into 2019. We believe the economic expansion will continue in 2019, but it is increasingly clear that the expansion is slowing more than previously expected. The fading of fiscal stimulus in the U.S. combined with continued monetary tightening, however moderated, will weigh on economic activity, as will negative sentiment surrounding elevated geo-political risk such as Brexit, U.S. trade policy, and a slowing China. This should ease inflationary pressures and the pace at which monetary policy is tightening, which should help keep interest rates range-bound. Weak energy markets should also act to counter-balance any inflationary pressures. Despite a slowing pace of growth, job markets remain tight at this stage of the economic cycle and the capital markets remain accommodative to companies that need to raise or refinance attractively priced debt.

We believe this not too hot, not too cold economic environment will be good for real estate stocks**.** Real estate companies should be rewarded for their steady earnings growth, predictable nature of cash flows, conservative balance sheets and cheap valuations relative to private market real estate values. We think investors will begin to appreciate the bird in hand nature of the dividend generated by real estate companies in a decelerating economic environment.

Quality of balance sheets will be even more important in 2019. A moderating economic environment will reinforce the importance of prudent and conservative leverage, including staggered debt maturities, matched duration of assets/liabilities and the nature of sources of capital. We believe that as debt spreads potentially widen, the companies with better balance sheets will emerge and out-perform their peers. Companies with higher leverage put themselves at risk, particularly if the property type or market is one which is vulnerable to decreases in asset values. Our portfolio construction favors companies with conservative balance sheets and capital structures.

Table of Contents

We believe that real estate companies will again generate earnings growth in the 4-5% range in 2019. With earnings generated by contractual leases, the quality and consistency of earnings is high. This contrasts with companies represented in the broader market, which are seeing sharply decelerating earnings growth. Earnings growth of S&P 500 companies is projected to decelerate from 22% in 2018 to nearly one-third of that rate for calendar year 2019. Conversely, real estate company earnings growth is expected to remain in the 4-5% range, consistent with 2018.

Regional Earnings Growth Forecast

Source: CBRE Clarion as of 12/31/2018.

e refers to estimates. f refers to forecasts. Forecasts are the opinion of CBRE Clarion, which is subject to change and is not intended to be a guarantee of future results or investment advice. Forecasts are not indicative of future investment performance.

The average dividend yield on real estate stocks remains attractive at 4.5% globally, and we believe that dividends will grow again in 2019. Current income generated by dividends remains a defining investment characteristic of the listed real estate sector. We project dividend growth to exceed earnings growth across the sector in 2019, driven by a combination of improving company cash flows as well as an expansion of dividend payout policies which remain conservative. Increasing dividends are emblematic of healthy companies in improving markets.

Current Dividend Yield

Source: CBRE Clarion as of 12/31/2018. Not all countries included.

Dividend yields fluctuate and are not necessarily indicative of present or future investment performance.

Information is subject to change and should not be construed as investment advice. Past performance is no guarantee of future results.

Table of Contents

With real estate companies trading at a 16% discount to our estimate of inherent real estate value, or an implied unleveraged cash flow yield of 6%, we believe real estate stocks remain attractively priced relative to private real estate and competing asset classes. This is particularly true given the significant private capital which has been raised by private equity real estate funds, which Preqin estimated at $294 billion as of the end of October, 2018. With leverage, this capital easily implies more than $500 billion of potential buying power from private market buyers. We believe that M&A activity will continue to support the valuation of listed property companies as the gap between private real estate and public company valuations remains too wide. This should keep cap rates relatively low despite upward pressure on interest rates. If history is any guide, it is highly likely that some of this capital finds its way into the listed real estate market via M&A.

NAV Premium/Discount by Region

Information is the opinion of CBRE Clarion as of 12/31/2018, is subject to change and is not intended to be a forecast of future events, or a guarantee of future results, or investment advice. Forecasts and any factors discussed are not indicative of future investment performance.

The combination of expected portfolio income of over 5%, expected growth of earnings and dividends, and a continued discount to NAV makes us very constructive about the return potential of the portfolio.

We appreciate your continued faith and confidence.

Sincerely,

CBRE CLARION SECURITIES LLC

T. Ritson Ferguson, CFA
President & CEO
Co-Portfolio Manager

Steven D. Burton, CFA
Co-Portfolio Manager

IMPORTANT DISCLOSURES AND RISK INFORMATION

The views expressed represent the opinion of CBRE Clarion Securities (CBRE Clarion), which are subject to change and are not intended as investment advice or a guarantee of future results. This material is for informational purposes only. It is not intended as an endorsement of any specific investment. Stated information is derived from proprietary and non-proprietary sources which have not been independently verified for accuracy or completeness. While CBRE Clarion believes the information to be accurate and reliable, we do not claim or accept responsibility for its completeness, accuracy, or reliability. Statements of future expectations, forecasts, estimates, projections, and other forward-looking statements are based on CBRE Clarion s view at the time such statements were made. Accordingly, such statements are inherently speculative, as they are based on assumptions which may involve known and unknown risks and uncertainties. Any discussion of particular securities herein should not be perceived as a recommendation to purchase or sell any of those securities. It should not be assumed that investments in any securities discussed were or will be profitable. Actual results, performance or events may differ materially from those expressed or implied in such statements. Investing

Table of Contents

in real estate securities involves risks including the potential loss of principal. Real estate equities are subject to risks similar to those associated with the direct ownership of real estate. Portfolios concentrated in real estate securities may experience price volatility and other risks associated with non-diversification. While equities may offer the potential for greater long-term growth than most debt securities, they generally have higher volatility. International (non-US) investments may involve risk of capital loss from unfavorable fluctuation in currency values, from differences in generally accepted accounting principles, or from economic or political instability in other nations. ***Past performance is no guarantee of future results.***

Table of Contents

Portfolio of Investments

December 31, 2018

Shares		Market Value ($)
	Real Estate Securities* 108.9%	
	Common Stock 87.1%	
	Australia 4.3%	
2,418,905	GPT Group	$ 9,093,532
13,109,708	Mirvac Group	20,673,479
2,800,952	Scentre Group	7,690,291
		37,457,302
	Belgium 1.5%	
140,586	Shurgard Self Storage SA (a)	3,897,238
67,859	Warehouses De Pauw CVA	8,936,410
		12,833,648
	Canada 1.8%	
520,400	Chartwell Retirement Residences	5,208,572
470,200	Killam Apartment Real Estate Investment Trust	5,487,617
215,200	SmartCentres Real Estate Investment Trust	4,857,678
		15,553,867
	France 0.2%	
10,253	Altarea	1,943,295
	Germany 5.3%	
121,912	ADO Properties SA	6,343,835
191,784	Deutsche EuroShop AG	5,555,487
138,194	LEG Immobilien AG	14,394,813
458,888	Vonovia SE	20,768,032
		47,062,167
	Hong Kong 6.8%	
3,277,200	CK Asset Holdings Ltd.	23,984,566
1,575,300	Hongkong Land Holdings Ltd.	9,924,390
2,570,000	Link REIT	26,030,385
		59,939,341
	Ireland 1.2%	

Shares		Market Value ($)
7,073,713	Hibernia REIT PLC	10,180,669
	Japan 9.0%	
1,102,584	Hulic Co. Ltd.	9,898,785
3,510	Hulic Reit, Inc.	5,451,433
15,770	Japan Hotel REIT Investment Corp.	11,268,906
1,098	Kenedix Office Investment Corp.	7,005,423
932,200	Mitsui Fudosan Co., Ltd.	20,774,087
428,000	Nomura Real Estate Holdings, Inc.	7,860,548
10,382	Orix JREIT, Inc.	17,259,963
		79,519,145
	Mexico 1.1%	
6,043,300	Prologis Property Mexico SA de CV	9,297,975
	Singapore 1.4%	
3,452,300	CapitaLand Ltd.	7,877,222
814,300	City Developments Ltd.	$ 4,851,149
		12,728,371
	Spain 0.6%	
613,729	Inmobiliaria Colonial Socimi SA	5,707,387
	Sweden 2.3%	
516,861	Castellum AB	9,522,972
810,972	Fabege AB	10,808,265
		20,331,237
	United Kingdom 2.5%	
1,415,598	Segro PLC	10,611,901
1,149,176	UNITE Group PLC (The)	11,796,538
		22,408,439
	United States 49.1%	
139,668	Alexandria Real Estate Equities, Inc.	16,095,340
163,808	American Campus Communities, Inc.	6,780,013
60,940	AvalonBay Communities, Inc.	10,606,607
580,924	Brixmor Property Group, Inc.	8,533,773
597,743	Columbia Property Trust, Inc.	11,566,327
1,322,822	Cousins Properties, Inc.	10,450,294
559,226	CubeSmart	16,044,194
353,464	CyrusOne, Inc.	18,691,176
540,440	Douglas Emmett, Inc.	18,445,217
489,199	Duke Realty Corp.	12,670,254
13,508	Equinix, Inc.	4,762,380
371,300	Equity Residential	24,509,513
38,567	Essex Property Trust, Inc.	9,457,014

168,643	Extra Space Storage, Inc.	15,258,819
326,600	HCP, Inc.	9,121,938
850,172	Healthcare Trust of America, Inc., Class A	21,517,853
75,032	Hilton Worldwide Holdings, Inc.	5,387,298
234,022	Hudson Pacific Properties, Inc.	6,800,679
677,196	Invitation Homes, Inc.	13,598,096
240,205	Liberty Property Trust	10,059,785
543,616	MGM Growth Properties LLC, Class A	14,356,899
545,592	Piedmont Office Realty Trust, Inc., Class A	9,296,888
285,097	Prologis, Inc.	16,740,896
47,748	Public Storage	9,664,673
254,701	Regency Centers Corp.	14,945,855
158,085	Simon Property Group, Inc.	26,556,699
486,957	STORE Capital Corp.	13,785,753
274,171	Sun Communities, Inc.	27,885,932
197,971	Taubman Centers, Inc.	9,005,701
1,874,544	VEREIT, Inc.	13,402,990
477,301	VICI Properties, Inc.	8,963,713
253,833	Welltower, Inc.	17,618,548
		432,581,117
	Total Common Stock	
	(cost $810,287,558)	767,543,960

See notes to financial statements.

Table of Contents

Portfolio of Investments concluded

Shares		Market Value ($)
	Preferred Stock 21.8%	
	United States 21.8%	
525,265	American Homes 4 Rent, Series D, 6.500%	$ 11,828,968
741,000	Brookfield Property REIT, Inc., Series A, 6.375%	16,042,650
100,000	CBL & Associates Properties, Inc., Series D, 7.375%	1,058,000
500,302	Digital Realty Trust, Inc., Series C, 6.625%	13,247,997
245,403	Digital Realty Trust, Inc., Series J, 5.250%	5,141,193
280,000	EPR Properties, Series G, 5.750%	5,852,000
282,200	Federal Realty Investment Trust, Series C, 5.000%	5,883,870
767,325	iStar, Inc., Series I, 7.500%	16,957,882
284,500	National Storage Affiliates Trust, Series A, 6.000%	6,387,025
500,000	Pebblebrook Hotel Trust, Series D, 6.375%	11,600,000
400,000	Pebblebrook Hotel Trust, Series E, 6.375%	9,620,000
500,000	Pebblebrook Hotel Trust, Series F, 6.300%	11,785,000
272,000	Pennsylvania Real Estate Investment Trust, Series B, 7.375%	4,449,920
341,100	Pennsylvania Real Estate Investment Trust, Series C, 7.200%	5,488,299
600,000	Public Storage, Series B, 5.400%	13,680,000
143,517	Rexford Industrial Realty, Inc., Series B, 5.875%	3,155,939
369,474	SITE Centers Corp., Series J, 6.500%	8,375,975
150,000	STAG Industrial, Inc., Series C, 6.875%	3,855,000
225,000	Summit Hotel Properties, Inc., Series D, 6.450%	4,860,000
287,077	Summit Hotel Properties, Inc., Series E, 6.250%	5,890,820
600,000	Sunstone Hotel Investors, Inc., Series E, 6.950%	14,910,000
379,377	Sunstone Hotel Investors, Inc., Series F, 6.450%	8,845,175
120,000	Taubman Centers, Inc., Series K, 6.250%	2,826,000
	Total Preferred Stock (cost $216,456,341)	191,741,713
	Total Investments 108.9% (cost $1,026,743,899)	959,285,673
	Liabilities in Excess of Other Assets (8.9)%	(78,650,101)
	Net Assets 100.0%	$ 880,635,572

* Includes U.S. Real Estate Investment Trusts (REIT) and Real Estate Operating Companies (REOC) as well as entities similarly formed under the laws of non-U.S. countries.

(a) Non-income producing security.

See notes to financial statements.

Table of Contents

Statement of Assets and Liabilities

	December 31, 2018
Assets	
Investments, at value (cost $1,026,743,899)	$959,285,673
Cash and cash equivalents	177,571
Receivable for investment securities sold	78,444
Unrealized appreciation on spot contracts	32
Dividends and interest receivable	5,651,577
Dividend withholding reclaims receivable	97,281
Other assets	109,376
Total Assets	965,399,954
Liabilities	
Line of credit payable	74,110,800
Payable for investment securities purchased	9,126,022
Management fees payable	701,639
Line of credit interest payable	178,958
Dividend and distributions payable	177,503
Accrued expenses	469,460
Total Liabilities	84,764,382
Net Assets	$880,635,572
Composition of Net Assets	
$0.001 par value per share; unlimited number of shares authorized, 116,590,494 shares issued and outstanding	$116,590
Additional paid-in capital	1,020,930,749
Distributable earnings / (accumulated loss)	(140,411,767)
Net Assets	$880,635,572
Net Asset Value **(based on 116,590,494 shares outstanding)**	**$7.55**

See notes to financial statements.

Table of Contents

Statement of Operations

	For the Year Ended December 31, 2018
Investment Income	
Dividends (net of foreign withholding taxes of $1,797,968)	$37,401,661
Other Income	1,452
Interest	470
Total Investment Income	37,403,583
Expenses:	
Management fees	9,477,112
Interest expense on line of credit	3,581,185
Printing and mailing fees	523,111
Administration fees	232,991
Trustees fees and expenses	222,089
Custodian fees	215,805
Legal fees	178,461
Transfer agent fees	172,243
Insurance fees	152,619
NYSE listing fee	119,500
Audit and tax fees	102,633
Miscellaneous expenses	47,539
Total Expenses	15,025,288
Net Investment Income	22,378,295
Net Realized and Unrealized Gain (Loss) on Investments, Written Options, and Foreign Currency Transactions	
Net realized gain (loss) on:	
Investments	(37,604,878)
Written options	1,737,099
Foreign currency transactions	(308,481)
Total Net Realized Loss	(36,176,260)
Net change in unrealized appreciation (depreciation) on:	
Investments	(84,107,321)
Written options	76,564
Foreign currency denominated assets and liabilities	(13,458)
Total Net Change in Unrealized Appreciation (Depreciation)	(84,044,215)
Net Realized and Unrealized Loss on Investments, Written Options, and Foreign Currency Transactions	(120,220,475)

Net Decrease in Net Assets Resulting from Operations	$(97,842,180)

See notes to financial statements.

Table of Contents

Statements of Changes in

Net Assets

	For the Year Ended December 31, 2018	For the Year Ended December 31, 2017
Change in Net Assets Resulting from Operations		
Net investment income	$22,378,295	$30,847,773
Net realized gain (loss) on investments, written options, and foreign currency transactions	(36,176,260)	51,871,638
Net change in unrealized appreciation (depreciation) on investments, written options, and foreign currency denominated assets and liabilities	(84,044,215)	26,748,919
Net increase (decrease) in net assets resulting from operations	(97,842,180)	109,468,330
Distributions on Common Shares		
Distributions from distributable earnings*	(19,584,966)	(69,954,296)
Distributions from return of capital	(50,369,330)	
Total distributions on Common Shares	(69,954,296)	(69,954,296)
Net Increase (Decrease) in Net Assets	(167,796,476)	39,514,034
Net Assets		
Beginning of year	1,048,432,048	1,008,918,014
End of year*	$880,635,572	$1,048,432,048

* See Note 2 (f)

See notes to financial statements.

Table of Contents

Statement of Cash Flows

	For the Year Ended December 31, 2018
Cash Flows from Operating Activities:	
Net decrease in net assets resulting from operations	$(97,842,180)
Adjustments to Reconcile Net Decrease in Net Assets Resulting from Operations to Net Cash Provided by Operating Activities:	
Net change in unrealized appreciation/depreciation on investments	84,107,321
Net change in unrealized appreciation/depreciation on options	(76,564)
Net realized loss on investments	37,604,878
Net realized gain on written options	(1,737,099)
Cost of securities purchased	(782,434,954)
Proceeds from sale of securities	921,361,751
Premiums received on written options	2,077,829
Payments to close written options	(56,642)
Increase in receivable for investment securities sold	(78,444)
Increase in dividends and interest receivable	(286,961)
Decrease in dividend withholding reclaims receivable	417,185
Decrease in unrealized appreciation on spot contracts	1,018
Increase in other assets	(338)
Increase in payable for investment securities purchased	8,793,611
Decrease in management fees payable	(182,416)
Decrease in line of credit interest payable	(172,753)
Increase in accrued expenses	91,914
Net Cash Provided by Operating Activities	171,587,156
Cash Flows From Financing Activities:	
Cash distributions paid on common shares	(69,976,395)
Proceeds from borrowing on line of credit	371,112,900
Payments on line of credit borrowings	(472,745,700)
Net Cash Used in Financing Activities	(171,609,195)

Net Decrease in cash