

The Herzfeld Caribbean Basin Fund

Cusip: 42804T106

Tel: 305-271-1900

Notification of Source of Distributions

Pursuant to Rule 19a-1 under the Investment Company Act of 1940

A year-end distribution of \$0.0634 per share, declared on November 11, 2011, was paid on January 9, 2012 to shareholders of record at the close of business on December 15, 2011.

Under the U.S. Investment Company Act of 1940, the Fund is required to indicate the source of distributions made to shareholders. As such, the Fund estimates that the distribution is comprised 100% of net long-term capital gains and is considered taxable for calendar year 2011. Shareholders will be notified regarding the source of distributions for the year and the related tax treatment via Form 1099-DIV in early 2012.