FUNDMARKET INSIGHT REPORT

REFINITIV LIPPER RESEARCH SERIES

AUGUST 31, 2022

The Month in Closed-End Funds: August 2022

Performance

For the second month in three, equity CEFs on average witnessed negative performance on a NAV and market basis, declining 2.23% and 2.05%, respectively, for the month. Meanwhile, for the seventh month in eight their fixed income CEF counterparts posted a loss on a NAV basis (-1.29%) and for the second month in three they were in the red on a market basis (-1.96%) for August.

After strong performance in July, U.S. stocks extended their winning streak to a third consecutive week at the beginning of August, even after investors learned the Bank of England raised its interest rate by 50 bps in its bid to fight inflation—its largest rate hike since 1995. The Department of Labor announced the U.S. economy had added 528,000 new jobs for July, doubling analyst expectations of 258,000. The unemployment rate fell to 3.5% from 3.6% in June, spurring concerns that the Federal Reserve will be forced to tighten monetary policy. The 10-year Treasury yield rose 15 bps to close out the first week of trading at 2.83%.

The following week, the S&P 500 and Nasdaq scored their longest weekly winning streak since November 2021, each rising for a fourth straight week after both the consumer and producer price indices showed signs of price pressures easing and the University of Michigan's preliminary survey of consumer sentiment showed a modest improvement over July. The 10-year Treasury yield rose one bp to close at 2.84%. Front-month crude oil futures prices—closing at $92.09/bbl—posted a weekly gain of 3.5%.

U.S. stocks snapped their four-week winning streak after Richmond Federal Reserve President Thomas Barkin said the central bank will do whatever it takes to tame inflation and as investors assessed the implications from the FOMC July meeting minutes, which indicated the policymakers were prepared to keep hiking rates to ward off inflation before it becomes too entrenched. The 10-year Treasury yield rose an additional 15 bps on the week to close at 2.98%. Oil prices, closing at $90.77/bbl, posted a 1.4% decline.

A strong commitment by the Federal Reserve Board to fight inflation at its annual Jackson Hole symposium and low end-of-summer trading volumes led to some very large market swings at month end. U.S. stocks got slammed on Friday, August 26, with the DJIA closing down 1,008.38 points on the day—its largest one-day percentage drop since May 18 after Federal Reserve Board Chair Jerome Powell made it clear his intent to bring inflation under control, even if that means causing near-term economic pain for households and businesses. Ahead of Powell's remarks, July's core personal consumption expenditures index—which excludes food and energy prices—was released, showing a 0.1% increase for the month and an unexpected decline to 4.6% in the year-over-year rate from 4.8% in June. Front-month crude oil futures prices rose 0.6% on the day—closing at $93.06/bbl—and posted a weekly gain of 2.9%. The 10-year Treasury yield rose six bps to 3.04%.

U.S. stocks ended lower for the fourth straight day on Wednesday, August 31, with the major indices losing about 4% for the month of August as investors continued their handwringing over the possibilities of a looming recession after Powell's speech earlier in the week.

The Month in Closed-End Funds: August 2022

- For the second month in three, equity closed-end funds (CEFs) on average witnessed downside returns, declining 2.23% on a net-asset-value (NAV) basis for August, while for the seventh month in eight, fixed income CEFs posted returns in the red (-1.29%).
- Twenty-five percent of all CEFs traded at a premium to their NAV at month end, with 28% of equity CEFs and 22% of fixed income CEFs trading in premium territory. The world equity CEFs macro-classification witnessed the largest narrowing of discounts for the month among Lipper's CEF macro-groups—91 basis points (bps) to a 11.30% median discount.
- Energy MLP CEFs (+1.89%) outshined the other classifications in the equity CEF universe for August.
- For the first month in four, the Loan Participation CEFs (+1.35%) classification rose to the top of the leaderboard in the fixed income CEF universe for August.
- For the second month in three, the municipal debt CEFs macro-group posted a negative return (-3.71%, on average), with all nine classifications in the group experiencing downside performance for the month.

Authored by:

TOM ROSEEN
Head of Research Services
Refinitiv Lipper
An LSEG Business

REFINITIV

The 10-year Treasury yield rose 48 bps for the month—settling at 3.15% at month end. The three-year Treasury yield witnessed the largest increase for the month, rising 63 bps to 3.46%. The one-month yield witnessed the smallest increase, rising 18 bps to 2.40%. The yield curve inverted for all maturities from the six-month (+3.32%) to the seven-year (+3.25%). The two- and 10-year Treasury yield spread remained negative by 30 bps—a perceived recession indicator.

During the month, the dollar strengthened against the euro (+1.56%), the pound (+4.55%), and the yen (+4.00%). Commodity prices declined for the month, with near-month gold prices falling 2.84% to close the month at $1,712.80/oz. and front-month crude oil prices sliding 9.20% to close at $89.55/bbl.

For the month, 29% of all CEFs posted NAV-based returns in the black, with 21% of equity CEFs and 36% of fixed income CEFs chalking up returns in the plus column. For the second month in three, Lipper's mixed-assets CEFs (-1.49%) macro-group outpaced or mitigated losses better than its two equity-based brethren: domestic equity CEFs (-1.97%) and world equity CEFs (-3.69%).

Despite a decline in oil prices and concerns of a global recession, for the second month in a row, the Energy MLP CEFs classification (+1.89%) remained at the top of the equity leaderboard, followed by Natural Resources CEFs (+1.24%) and Convertible Securities CEFs (-1.03%). Developed Markets CEFs (-4.81%) posted the largest losses in the equity universe and was bettered by Global CEFs (-4.07%) and Options Arbitrage/Options Strategies CEFs (-3.51%). For the remaining equity classifications, returns ranged from negative 1.65% (Income & Preferred Stock CEFs) to negative 3.42% (Diversified Equity CEFs).

Nine of the 10 top performing CEFs for August were warehoused in Lipper's Energy MLP CEFs classification. However, at the top of the leaderboard was **Tortoise Energy Independence Fund** (**NDP**, warehoused in the Natural Resources CEFs classification) posting the strongest return, rising 5.77% on a NAV basis and traded at a 11.97% discount on August 31. Following NDP were **PIMCO Energy and Tactical Credit Opportunities Fund** (**NRGX**) gaining 3.85% and traded at a 16.09% discount at month end; **Salient Midstream & MLP Fund** (**SMM**) rising 3.77% and traded at a 1.21% discount on August 31; **Cushing MLP & Infrastructure Total Return Fund** (**SRV**), returning 3.29% and traded at a 21.45% discount at month end; and **ClearBridge MLP and Midstream Total Return Fund Inc.** (**CTR**), returning 3.26% and traded at a 18.54% discount on August 31.

For the month, the dispersion of performance in individual equity CEFs—ranging from negative 11.97% to positive 5.77%—was much narrower than July's spread and more skewed to the negative side. The 20 top-

CLOSED-END FUNDS LAB

TABLE 1 CURRENT-MONTH PERFORMANCE, P&D, P&D SHIFTS (% OF UNIVERSE)

	NAV RETURNS POSITIVE	PREMIUM/DISCOUNT		NOW TRADING AT	
		BETTER	WORSE	PREMIUM	DISCOUNT
Equity CEFs	21	59	41	28	72
Bond CEFs	36	50	50	22	78
ALL CEFs	**29**	**54**	**46**	**25**	**75**

TABLE 2 AVERAGE NAV RETURNS, SELECTED PERIODS (%)

	AUGUST	YTD	3-MONTH	CALENDAR-2021
Equity CEFs	-2.23	-8.20	-3.68	18.56
Bond CEFs	-1.29	-10.82	-2.52	5.66
ALL CEFs	**-1.69**	**-9.68**	**-3.02**	**11.29**

TABLE 3 NUMBER OF IPOs, YTD VERSUS PRIOR YEAR

	AUGUST 2022	CALENDAR-2021
Conventional CEFs	4	13
Interval CEFs	15	24

TABLE 4 AVERAGE SIZE OF IPOs, SELECTED PERIODS, $MIL

THREE MONTHS THROUGH 7/31/2022	0
COMPARABLE YEAR-EARLIER THREE MONTHS	1,027
CALENDAR 2021 AVERAGE	1,217

TABLE 5 NUMBER OF MERGERS & LIQUIDATIONS, YTD VERSUS PRIOR YEAR

	AUGUST 2022	CALENDAR-2021
ALL CEFs	**16**	**57**

TABLE 6 MEDIAN PREMIUMS AND DISCOUNTS (%)

	31-MAY	30-JUN	29-JUL	31-AUG
Equity CEFs	-8.15	-7.22	-8.64	-7.36
Bond CEFs	-7.32	-7.12	-6.11	-6.69
ALL CEFS	**-7.48**	**-7.16**	**-6.31**	**-6.72**

Source: Refinitiv Lipper, an LSEG Business performing equity CEFs posted returns at or above positive 0.97%, while the 20-lagging equity CEFs were at or below negative 6.04%.

For the month, only 54 CEFs in the equity universe posted plus-side returns. The worst performing fund was housed in Lipper's Global CEFs classification. At the bottom of the heap was **RENN Fund** (**RCG**), shedding 11.97% of its July-closing NAV and traded at a 4.82% discount on August 31. The second worst-performing equity CEF was **abrdn Global Premier Properties Fund** (**AWP**, warehoused in the Real Estate CEFs classification), posting a 8.75% loss and traded at a 1.20% discount at month end.

The U.S. Treasury yield curve remained inverted during the month and rose at all maturities, with the two-year yield (+3.45%) remaining above the 10-year Treasury yield (+3.15%). At month end, the two- and 10-year Treasury yield spread (30 bps), widened eight bps for August, after hitting 48 bps on August 8. The belly of the curve saw the greatest rise in yield, with the one- through the seven-year Treasury yields rising at least 52 bps by month end.

For the first month in five, the world income CEFs macro-group outpaced or mitigated losses better than the other macro-groups in the fixed income universe, posting a 0.33% gain on average, followed by domestic taxable bond CEFs (-0.03%) and municipal debt CEFs (-3.71%).

Fixed income investors appeared to be more internationally risk seeking during the month, shunning higher quality domestic and tax-exempt issues. For the first month in four, investors pushed Loan Participation CEFs (+1.35%) to the top of the domestic taxable fixed income leaderboard, followed by General Bond CEFs (+0.18%) and U.S. Mortgage CEFs (-0.23%). Corporate Debt BBB-Rated CEFs (Leverage) (-3.42%) posted the weakest returns of the group and was bettered by Corporate Debt BBB-Rated CEFs (-2.50%). On the world income side, Emerging Markets Hard Currency Debt CEFs (+0.87%) and Global Income CEFs (+0.08%) posted the second and fourth strongest returns of the fixed income universe for the month.

For the second month in three, the municipal debt CEFs macro-group posted a negative return (-3.71%) on average, with all nine classifications in the group experiencing losses for August. The General & Insured Municipal Debt CEFs (-2.20%), Intermediate Municipal Debt CEFs (-2.83%), and Pennsylvania Municipal Debt CEFs (-3.60%) classifications mitigated losses better than the other classifications in the group for the month, while New York Municipal Debt CEFs (-4.36%) was the group laggard. National municipal debt CEFs (-3.57%) mitigated losses better than their single state municipal debt CEF counterparts (3.99%) by 42 bps. Year to date, the macro-group is down a whopping 15.49% on a NAV basis.

The two top-performing individual fixed income CEFs were housed in Lipper's Emerging Markets Hard Currency Debt CEFs classification. At the top of the chart was **Virtus Stone Harbor Emerging Markets Total Income** (**EDI**) returning 3.34% and traded at a 1.64% premium on August 31, followed by **Virtus Stone Harbor Emerging Markets Income Fund** (**EDF**), returning 3.23% and traded at a 10.02% premium at month end. Following those two were three hybrid interval CEFs: **City National Rochdale Strategic Credit Fund** (**CNROX**, housed in the Loan Participation CEFs classification) returning 2.89%; **BlueBay Destra International Event-Driven Credit Fund, Class A Shares** (**CEDAX**, housed in the Global Income CEFs classification), returning 2.88%; and **BlueBay Destra International Event-Driven Credit Fund, Class I Shares** (**CEDIX**), adding 2.88% to its July month-end value.

For the remaining funds in the fixed income CEF universe, monthly NAV-based performance ranged from negative 5.87% for **PIMCO New York Municipal Income Fund II** (**PNI**, housed in Lipper's New York Municipal Debt CEFs classification) to positive 2.84% for **BlueBay Destra International Event-Driven Credit Fund, Class L Shares** (**CEDLX**, a hybrid interval CEF housed in the Global Income CEFs classification). The 20 top-performing fixed income CEFs posted returns at or above 1.97%, while the 20 lagging CEFs posted returns at or below negative 4.57% for the month. There were 125 fixed income CEFs that witnessed positive NAV-based performance for August.

Premium and Discount Behavior

For August, the median discount of all CEFs widened 40 bps to 6.72%—wider than the 12-month moving average median discount (5.17%). Equity CEFs' median discount narrowed 128 bps to 7.36%, while fixed income CEFs' median discount widened 58 bps to 6.69%. World equity CEFs' median discounts witnessed the largest narrowing among the CEF macro-groups—91 bps to 11.30%—while the world income CEFs macro-group witnessed the largest widening of discounts—85 bps to 4.24%.

Gabelli Utility Trust (**GUT**, housed in the Utility CEFs classification) traded at the largest premium (+98.99%) in the CEF universe on August 31, while **Destra Multi-Alternative Fund** (**DMA**, housed in the Income & Preferred Stock CEFs classification) traded at the largest discount (-33.92%) at month end.

For the month, 54% of all closed-end funds' discounts or premiums improved, while 46% worsened. In particular, 59% of equity CEFs and 50% of fixed income CEFs saw their individual discounts narrow, premiums widen, or premiums replace discounts. The number of funds traded at premiums on August 31 (108) was eight more than the number on July 29 (100).

CEF Events and Corporate Actions

IPOs

There were no CEF IPOs in August.

Rights, Repurchases, Tender Offers

Virtus Total Return Fund Inc. (**ZTR**) announced that the registration statement for its rights offering has been declared effective by the U.S. Securities and Exchange Commission. The fund will issue to shareholders non-transferable rights entitling them to acquire one share of common stock for each three shares held, up to an aggregate of 16,500,000 shares of common stock of the fund. The fund may increase the number of shares of common stock subject to subscription by up to 25% of the shares, or up to an additional 4,125,000 shares of common stock, for an aggregate total of 20,625,000 shares. Shareholders of record will receive one right for each outstanding share owned on the record date, August 9, 2022. If a record date shareholder's total ownership is fewer than three shares, such shareholder will receive three rights so that the shareholder may subscribe for one share.

The subscription period will be from August 10, 2022, to September 16, 2022, unless extended, to a date not later than October 16, 2022. (Brokers may apply an earlier cutoff time, so shareholders that hold their shares through brokers should contact their brokers about the applicable end of the offering period). The subscription price per share will be equal to 95% of the lower of (i) the NAV per share of the fund's common stock at the close of business on September 16, 2022 (the expiration date of the subscription period, unless extended), or (ii) the average of the last reported sales price of a share of the fund's common stock on the New York Stock Exchange (NYSE) on such date and the four preceding business days.

The rights are non-transferable and will not be admitted for trading on the NYSE or any other exchange. The rights offering described above will be made only by means of a prospectus which, along with a subscription certificate, was expected to be mailed to shareholders on or about August 12, 2022. The record date shareholders who exercise their rights will not be entitled to distributions payable during August or September 2022 on new shares issued in connection with the rights offering.

Tortoise and the board of its closed-end funds (**Tortoise Energy Infrastructure Corp.** [**TYG**], **Tortoise Midstream Energy Fund, Inc.** [**NTG**], **Tortoise Pipeline & Energy Fund, Inc.** [**TTP**], **Tortoise Energy Independence Fund, Inc.** [**NDP**], and **Tortoise Power and Energy Infrastructure Fund, Inc.** [**TPZ**]) announced its approval of conditional tender offers as part of the discount management program. A fund would conduct a tender offer for 5% of the fund's outstanding shares of common stock at a price equal to 98% of NAV if its shares trade at an average discount to NAV of more than 10% during either of the designated measurement periods. The first measurement period for 2022 ended on July 31, 2022, and it has been determined that a tender offer will be executed in each fund. The tender offers are expected to commence on or around October 3, 2022. The funds will issue a press release announcing the tender offers on the day the tender offers commence. The funds' portfolio managers, officers, and boards of directors will not tender their shares. The second conditional tender offer measurement period is from August 1, 2022, through July 31, 2023.

RiverNorth/DoubleLine Strategic Opportunity Fund, Inc. (**OPP**) announced that its board of directors has authorized and set the terms of an offering to the fund's stockholders of rights to purchase additional shares of common stock of the fund. In this offering, the fund issued transferable subscription rights to its stockholders of record as of August 25, 2022, allowing the holder to subscribe for new shares of common stock of the fund. Record date stockholders will receive one right for each share of common stock held on the record date. For every three rights held, a holder of rights may buy one new share of common stock of the fund. The rights are expected to be listed and tradable on the NYSE under the ticker: OPP.RT.

Record date stockholders who fully exercise all rights initially issued to them in the primary subscription will be entitled to buy those shares of common stock that are not purchased by other record date stockholders. The shares of common stock issued as a result of the rights offering will not be record date shares for the fund's monthly distributions to be paid in August or September 2022 and therefore will not be entitled to those distributions.

The subscription price per share of common stock will be determined based upon a formula that will be no less than equal to 92.5% of the reported NAV or 95% of the market price per share of common stock, whichever is higher on the expiration date. Market price per share of common stock will be determined based on the average of the last reported sales price of a share of common stock on the NYSE for the five trading days preceding (and not including) the expiration date. The subscription period will expire on September 23, 2022, unless extended by the board.

BNY Mellon Alcentra Global Multi-Strategy Credit Fund, Inc. announced the final results of its quarterly tender offer for up to 2.5% of the fund's issued and outstanding shares of common stock. The tender offer, which expired on August 12, 2022, was oversubscribed. Therefore, in accordance with the terms and conditions of the tender offer, the fund will purchase shares from all tendering shareholders on a pro rata basis, after disregarding fractions, based on the number of shares properly tendered. The

Authored by:

TOM ROSEEN
Head of Research Services
Refinitiv Lipper
An LSEG Business

final results of the tender offer are as follows: number of shares tendered: 240,408; number of tendered shares to be purchased: 55,553; pro-ration factor: 0.23188; purchase price*: $83.38. *Purchase price is equal to 100% of the fund's NAV as of June 30, 2022.

Mergers and Reorganizations

Angel Oak Capital Advisors, LLC, announced that the reorganization of **Angel Oak Dynamic Financial Strategies Income Term Trust** (**DYFN**) with and into **Angel Oak Financial Strategies Income Term Trust** (**FINS**) was completed on July 29, 2022, after the close of trading. The reorganization is intended to provide potential benefits to shareholders, including lower operating expenses and greater secondary market liquidity, among other efficiencies. The completed reorganization and related issuance of new shares of FINS, which required approval by shareholders of FINS and satisfaction of applicable regulatory requirements, included the transfer of all assets of DYFN to FINS. FINS issued approximately 4,757,307 new common shares in exchange for the DYFN assets, bringing the total number of its outstanding common shares to approximately 25,062,638. The conversion ratio was calculated at 1.17 common shares of FINS for each DYFN common share. FINS net assets and total assets are now approximately $409 million and $589 million, respectively. There will be no change to the investment objectives, investment strategies, or investment policies of FINS as a result of the proposed reorganization.

The board of trustees of each of the acquiring funds, listed below, announced the proposed reorganization of several closed-end investment companies advised by one or more affiliates of Delaware Management Company into the respective acquiring funds. The proposed reorganizations are subject to the receipt of necessary shareholder approvals by each fund: acquired fund and acquiring fund: **Delaware Ivy High Income Opportunities Fund** (**IVH**) by and into **abrdn Income Credit Strategies Fund** (**ACP**); **Delaware Enhanced Global Dividend and Income Fund** (**DEX**) by and into **abrdn Global Dynamic Dividend Fund** (**AGD**); **Delaware Investments Dividend and Income Fund, Inc.** (**DDF**) by and into **abrdn Global Dynamic Dividend Fund** (**AGD**); and **Macquarie Global Infrastructure Total Return Fund Inc.** (**MGU**) by and into **abrdn Global Infrastructure Income Fund** (**ASGI**).

According to the press release, the combination of the merging funds will help ensure the viability of the funds, increasing scale, liquidity, and marketability changes that may lead to a tighter discount or a premium to NAV over time. Following the reorganizations, shareholders of each acquiring fund will experience an increase in the assets under management and a reduction in their fund's total expense ratios. There are no proposed changes to the current objectives or policies of the acquiring funds as a result of these reorganizations, including the funds' monthly distribution policies. Individually, each board believes that the reorganizations are in the best interest of their fund's shareholders recognizing the strategic objective of creating scale for the benefit of shareholders.

Shareholders of the acquiring funds will be asked to approve the issuance of shares at a special virtual shareholder meeting tentatively scheduled for November 9, 2022. Each acquiring fund board fixed the close of business on August 11, 2022, as the record date for the determination of shareholders entitled to vote at the meeting and at any adjournment of the meeting. Each approval of the special resolution of the shareholders authorizing the issuance of new shares will require the affirmative vote of a majority of shares present in person or represented by proxy and entitled to vote.

It is currently expected that each reorganization will be completed in the first quarter of 2023 subject to (i) approval of the reorganization by the respective acquired fund shareholders, (ii) approval by the respective acquiring fund shareholders of the issuance of shares of the acquiring funds, and (iii) the satisfaction of customary closing conditions. No reorganization is contingent upon any other reorganization.

Salient Midstream & MLP Fund (**SMM**) previously announced that if shareholders approve the reorganization of the fund with and into **Salient MLP & Energy Infrastructure Fund** (**SMAPX**), the fund intends to complete the reorganization as soon as possible after the shareholder vote. It is currently expected that the reorganization will be completed after the market close of the NYSE on September 13, 2022, subject to the satisfaction of customary closing conditions and the unwinding of the fund's leverage. To facilitate the anticipated reorganization, Automated Customer Account Transfer Service ("ACATS") will be restricted as of market close on September 2, 2022, and all shares of the fund will cease trading on the NYSE as of market close on Thursday, September 8, 2022. On Wednesday, September 14, 2022, shareholders of the fund who become shareholders of SMAPX pursuant to the reorganization will hold shares of SMAPX and not the fund. Shareholders of the fund who become shareholders of SMAPX will receive newly issued Class A shares of SMAPX in the reorganization. The aggregate NAV of SMAPX shares received by fund shareholders will be equal to the aggregate NAV of the shares of the fund held by fund shareholders, in each case as of the close of business on the date of reorganization. Shares of SMAPX may be purchased or redeemed on any business day. SMAPX is an open-end fund that is a series of Salient MF Trust with approximately $996 million in net assets and is also managed by Salient Capital Advisors, LLC, the investment advisor of SMM, using a similar investment strategy.

Other

Special Opportunities Fund, Inc. (**SPE**) announced that the parties to litigation over the dissolution of FAST Acquisition Corp. (FST) have reached an agreement to prevent the distribution of the company's net assets to Class B shares until the court rules on whether they must be equitably distributed to all stockholders. Under the agreement, the Class A shares were to be redeemed promptly after August 25, 2022, and the winding up and dissolution of the company will proceed. However, unless prior notice is given to SPE, the company is limited to paying only the following approximate amounts: (a) $4.5 million in taxes; (b) $1 million to reimburse a working capital loan; (c) $3 million in professional fees previously incurred; (d) $1 million for defense costs in connection with the litigation; and (e) expenses incurred to enforce the termination and settlement agreement with Fertitta Entertainment, Inc., if necessary. Phillip Goldstein, Chairman of SPE and a managing partner of Bulldog Investors, LLP, SPE's investment advisor, commented: "Now that the parties have agreed that no liquidating distributions will be made until the lawsuit concludes, they can turn their attention to the crux of this lawsuit—whether FAST's board of directors has a fiduciary duty in a dissolution to distribute its net assets equitably to all stockholders, not just insiders."

For immediate assistance, feel free to contact Lipper Client Services toll-free at 877.955.4773 or via email at LipperUSClientServices@refinitiv.com. For more information about Lipper, please visit our website at refinitiv.com/en or lipperalphainsight.com

REFINITIV™