

# FUNDMARKET INSIGHT REPORT

LIPPER RESEARCH SERIES

MAY 31, 2020

## The Month in Closed-End Funds: May 2020

### Performance

For the second consecutive month, equity CEFs on average witnessed plus-side performance on both a NAV and market basis. They rose 4.44% and 5.29%, respectively. Meanwhile, for the second month in a row, their fixed income CEF counterparts posted returns in the black on a NAV basis (+4.69%, their strongest monthly return since September 2009) and a market basis (+6.09%, their strongest monthly return since April 2009). However, year to date, the average equity and fixed income CEFs are still down 15.05% and 6.88%, respectively, on a NAV basis.

During the month, the major benchmarks continued to win back losses witnessed in March as investors cheered the easing of lockdowns established to contain the coronavirus and the economic relief measures taken by the Federal Reserve and Congress. Equities booked sharp gains for the month. On the domestic side, the NASDAQ Composite index posted the strongest return for the month, rising 6.75%, while the Dow Jones Industrial Average was the relative laggard, gaining 4.26%. On the nondomestic side, the Xetra DAX Total Return Index jumped to the top of the leaderboard, returning 8.34%, while the Shanghai Composite (-1.58%) witnessed the only losses of the often-followed broad-based international indices.

At the beginning of the month, the Dow closed down some 600 points after big tech earnings disappointed and President Donald Trump threatened to impose tariffs on China in response to its handling of COVID-19. However, a better-than-expected reading of the April ISM manufacturing index (41.5% versus expected 35%) kept a lid on declines. Near-month oil prices began their upward trek, gaining 5% for the week. Despite the Department of Labor reporting the worst unemployment rate since the Great Depression (14.7%), with 20.5 million Americans out of work in April, equity markets rallied the following week, with the NASDAQ gaining 6.00%. Some pundits felt the jobs numbers were better than expected. Many also felt that the majority of the jobs lost were just temporary. Market sentiment was also buoyed by news that the U.S. and China agreed to improve macroeconomic and public health collaboration.

Despite disappointing April retail sales figures (-16.4%), industrial production sliding 11.2%, and renewed Sino/American trade tensions, the markets rallied once again in anticipation of a new round of fiscal stimulus. Economic data out of China also showed factory output rose 3.9% in April. Crude oil got another shot in the arm as investors eyed production cuts and signs of initial pickup in demand. The following week, investors shrugged off rising U.S.-China tensions as they remained optimistic about businesses reopening in many states. The Russell 2000 logged a 7.84% return for the week ahead of the Memorial Day holiday. The Hang Seng Index, however, tumbled 5.6% after Chinese officials said they were preparing to impose a national security law on Hong Kong, jeopardizing its autonomy.

Ignoring news that April consumer spending declined 13.6%, investors pushed the markets higher in the last week of the month after President Trump took a softer tone with China concerning new tariffs than many had anticipated. Investors were also encouraged when Federal Reserve Chair Jerome Powell said the Fed had ample room to continue expanding its balance sheet and personal income rose by 10.5% as government stimulus checks helped consumers through the current crisis.

### The Month in Closed-End Funds: May 2020

- For the second month in a row, equity closed-end funds (CEFs) on average posted positive returns, rising 4.44% on a net-asset-value (NAV) basis for May, while also for the second month running, fixed income CEFs witnessed returns in the black (+4.69%, their strongest one-month return since September 2009).
- Only 15% of all CEFs traded at a premium to their NAV, with 17% of equity CEFs and 13% of fixed income CEFs trading in premium territory. The national municipal bond CEFs macro-classification witnessed the largest narrowing of discounts for the month among Lipper's CEF macro-groups—105 basis points (bps) to 6.76%.
- Real Estate CEFs (+0.88%) was the relative laggard in the equity CEF universe for the month.
- Emerging Markets Hard Currency Debt CEFs (+10.33%, its strongest one-month return since April 1995) and Energy MLP CEFs (+8.75%) posted the strongest plus-side returns in the CEF universe.
- For the first month in three, the municipal bond CEFs (+4.77%) macro-group posted returns in the black, with all nine classifications in the group posting plus-side returns for May.



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U.S. Treasury prices were mixed in the last trading week of May, with shorter- and longer-dated Treasury yields finishing higher and the belly of the curve seeing some small declines. The 20- and 30-year Treasury yields witnessed the largest increases for the month, rising 13 bps to 1.18% and 1.41%, respectively. The two-, three-, five-, and seven-year Treasury yields witnessed the only declines for the month, ranging from three to six bps.

For April, the dollar strengthened against the pound (+2.09%) and the yen (+0.70%), but weakened against the euro (-1.56%). Commodity prices rose for the month, with near-month gold prices rising 2.50% to close the month at \$1,736.90/ounce and front-month crude oil prices jumping 79.42% to close at \$35.49/barrel.

For the month, 93% of all CEFs posted NAV-based returns in the black, with 85% of equity CEFs and 98% of fixed income CEFs chalking up returns in the plus column. For the first month in five, Lipper's world equity CEFs macro-group (+5.22%) outpaced its two equity-based brethren: mixed-assets CEFs (+4.49%) and domestic equity CEFs (+4.20%).

For the second month in a row, the Energy MLP CEFs classification (+8.75%) outperformed all other equity classifications, followed by Convertible Securities CEFs (+8.39%) and Developed Markets CEFs (+7.50%). Once again, Real Estate CEFs (+0.88%) was the relative laggard of the equity universe and was bettered by Emerging Markets CEFs (+3.00%) and Income & Preferred Stock CEFs (+3.12%). For the remaining equity classifications, returns ranged from 3.45% (Options Arbitrage/Options Strategies CEFs) to 6.01% (Natural Resources CEFs).

Three of the five-top CEF equity performers for May were warehoused in Lipper's Sector Equity CEF classification. However, at the top of the chart was **New Germany Fund Inc. (GF)**, warehoused in Lipper's Developed Markets CEF classification), rising 13.95% on a NAV basis and traded at a 17.01% discount on May 29. Following GF were **BlackRock Science and Technology Trust II (BSTZ)**, gaining 13.90% and traded at a 9.84% discount at month end; **First Trust Specialty Finance & Financial Opportunities Fund (FGB)**, rising 13.55% and traded at a 32.14% premium on May 29; **Calamos Dynamic Convertible and Income Fund (CCD)**, housed in the Convertible Securities CEF classification), posting a 12.97% return and traded at a 5.11% discount at month end; and **ASA Gold & Precious Metals Limited (ASA)**, gaining 12.91% and traded at an 18.96% discount on May 29.

For the month, the dispersion of performance in individual equity CEFs—ranging from negative 2.60% to positive 13.95%—was much narrower than April's spread, but still skewed to the plus side. The 20 top-performing equity CEFs posted returns at or above 10.30%, while the 20-lagging equity CEFs were at or below minus 0.84%.

## 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	85	48	52	17	83
Bond CEFs	98	69	30	13	86
<b>ALL CEFs</b>	<b>93</b>	<b>60</b>	<b>40</b>	<b>15</b>	<b>85</b>

**TABLE 2** AVERAGE NAV RETURNS, SELECTED PERIODS (%)

	MAY	YTD	3-MONTH	CALENDAR-2019
Equity CEFs	4.44	-15.05	-8.57	19.20
Bond CEFs	4.69	-6.88	-8.34	10.84
<b>ALL CEFs</b>	<b>4.59</b>	<b>-10.38</b>	<b>-8.44</b>	<b>14.51</b>

**TABLE 3** NUMBER OF IPOs, YTD VERSUS PRIOR YEAR

	MAY 2020	CALENDAR-2019
Conventional CEFs	3	10
Interval CEFs	10	26

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

THREE MONTHS THROUGH 4/30/2020	515
COMPARABLE YEAR-EARLIER THREE MONTHS	260
CALENDAR 2019 AVERAGE	523

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

	MAY 2020	CALENDAR-2019
<b>ALL CEFs</b>	<b>11</b>	<b>23</b>

**TABLE 6** MEDIAN PREMIUMS AND DISCOUNTS (%)

	28-FEB	31-MAR	30-APR	29-MAY
Equity CEFs	-7.72	-10.84	-10.98	-11.77
Bond CEFs	-8.38	-9.11	-8.53	-8.16
<b>ALL CEFs</b>	<b>-8.08</b>	<b>-9.78</b>	<b>-9.36</b>	<b>-9.11</b>

Source: Refinitiv Lipper

For the month, only 38 CEFs in the equity universe posted negative returns. Three of the worst performing funds were housed in the Real Estate CEFs classification, with **CC Real Estate Income Fund, Advisor Shares (XNVFX)**, an interval hybrid CEF posting the worst return in the equity CEF universe, shedding 2.60% of its April-closing NAV. The second worst performing CEF was **Principal Real Estate Income Fund (PGZ)**, declining 2.46% and traded at a 17.86% discount on May 29.

The Treasury yield curve flattened slightly in the belly of the curve but steepened at the long end. The 10-year Treasury yield rose just one bp for the month to 0.65% after hitting a high of 0.73% on May 11 and May 18, while the six-month yield saw the largest gain at the short end, rising seven bps to 0.18%. For the first month in five, world income CEFs moved to the top of the charts, posting a 5.55% return on average, followed by municipal bond CEFs (+4.77%) and domestic taxable fixed income CEFs (+4.51%).

Investors remained more risk seeking during the month, pushing High Yield CEFs (Leveraged) (+5.66%) to the top of the domestic taxable fixed income leaderboard for the month, followed by High Yield CEFs (+4.85%) and Loan Participation CEFs (+4.73%). U.S. Mortgage CEFs (+1.13%) was the relative laggard of the group and was bettered by Corporate Debt BBB-Rated CEFs (+1.97%). On the world income side, strong performance from Emerging Markets Hard Currency Debt CEFs (+10.33%, its strongest one-month return since April 1995) and Global Income CEFs (+3.68%) catapulted the subgroup to the top spot for May.

For the first month in three, the municipal debt CEFs macro-group posted a positive return (+4.77%) on average, with all nine classifications in the group experiencing returns in the black for May. The California Municipal Debt CEFs (+5.51%), General & Insured Municipal Debt CEFs (Leveraged) (+5.06%), and New York Municipal Debt CEFs (+4.87%) classifications outpaced the other classifications in the subgroup, while Intermediate Municipal Debt CEFs (+2.72%) was the relative laggard. National municipal debt CEFs (+4.71%) underperformed their single-state municipal debt CEF counterparts (+4.86%) by about 15 bps.

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 fixed income universe chart were **Stone Harbor Emerging Markets Income Fund (EDF)**, returning 20.15% and traded at a 15.89% premium on May 29; and **Stone Harbor Emerging Markets Total Income Fund (EDI)**, returning 19.66% and traded at a 4.09% premium at month end. Following those two were **DoubleLine Income Solutions (DSL)**, housed in the High Yield CEFs [Leveraged] classification), returning 13.25% and traded at par on May 29; **City National Rochdale Strategic Credit Fund (CNROX)**, an interval hybrid CEF warehoused in the Loan Participation CEFs classification), posting a 12.06% return; and **BNY Mellon Alcentra Global Multi-Strategy Credit Fund, Inc. (XALCX)**, also an interval hybrid CEF warehoused in the Loan Participation CEFs classification), adding 11.84% to its April month-end value.

For the remaining funds in the fixed income CEF universe, monthly NAV-based performance ranged from minus 4.39% for **Invesco High Income 2023 Target Term Fund (IHIT)**, housed

in Lipper's U.S. Mortgage CEFs classification and traded at a 0.41% discount on May 29) to positive 10.56% for **Nuveen Emerging Markets Debt 2022 Target Term Fund (JEMD)**, housed in Lipper's Emerging Markets Hard Currency Debt CEFs classification). The 20 top-performing fixed income CEFs posted returns at or above 7.70%, while the 20 lagging CEFs posted returns at or below positive 1.36% for the month. There were only five fixed income CEFs that witnessed negative NAV-based performance for May.

## Premium and Discount Behavior

For May, the median discount of all CEFs narrowed 26 bps to 9.11%—wider than the 12-month moving average median discount (7.12%). Equity CEFs' median discount widened 80 bps to 11.77%, while fixed income CEFs' median discount narrowed 36 bps to 8.16%. National municipal bond CEFs' median discount witnessed the largest narrowing among the CEF macro-groups—105 bps to 6.76%—while the domestic equity CEFs macro-group witnessed the largest widening of discounts—97 bps to 9.89%.

**Gabelli Utility Trust (GUT)**, housed in the Utility CEFs classification) traded at the largest premium (+71.18%) in the CEF universe on May 29, while **NexPoint Strategic Opportunities Fund (NHF)**, housed in the High Yield CEFs [Leveraged] classification) traded at the largest discount (-43.07%) at month end.

For the month, 60% of all funds' discounts or premiums improved, while 40% worsened. In particular, 48% of equity CEFs and 69% of fixed income CEFs saw their individual discounts narrow, premiums widen, or premiums replace discounts. The number of funds traded at premiums on May 29 (71) was five more than the number on April 30 (66).

## CEF Events and Corporate Actions IPOs

CIM Group announced the launch of CIM Real Assets & Credit Fund (CIM RACR), a newly organized, non-diversified, closed-end investment management company registered under the 1940 Act which continuously offers its common shares of beneficial interest and is operated as an interval fund. CIM RACR seeks to invest in a mix of institutional-quality real assets and credit instruments. The fund's investment objective is to generate current income through cash distributions and preserve shareholders' capital across various market cycles, with a secondary objective of capital appreciation. CIM Capital IC Management, LLC, serves as the investment advisor to CIM RACR. The following share classes were launched on May 4, 2020: **CIM Real Assets & Credit Fund, A Shares (ARACX)**; **CIM Real Assets & Credit Fund, C Shares (RACRX)**; **CIM Real Assets & Credit Fund, I Shares (IRACX)**; and **CIM Real Assets & Credit Fund, L Shares (LRACX)**.

CIM RACR will primarily invest in real assets and credit and credit-related assets. Real assets may consist of direct real estate and infrastructure held through one or more wholly owned real estate investment trust (REIT) subsidiaries, as well as publicly traded REITs, non-affiliated private REITs, and real estate debt. Credit-related investments may include investments in floating and fixed rate loans, broadly syndicated senior secured corporate loans, investments in the debt and equity tranches of collateralized loan obligation vehicles (CLOs), and opportunistic credit investments. The fund has adopted a fundamental investment policy to make quarterly offers to repurchase no less than 5% of its outstanding common shares at NAV.

Two existing interval funds launched new share classes in May. **Carlyle Tactical Private Credit Fund, M Shares (TAKMX)**, is a continuously offered, non-diversified, unlisted closed-end investment management company that is structured as an interval fund. The fund's investment objective is to produce income and provide investors with access to the private credit markets. The fund seeks to achieve its investment objective by opportunistically allocating its assets across The Carlyle Group's \$49 billion global credit platform. The fund will invest at least 80% of its assets in private fixed income securities and credit instruments. Limited liquidity is provided to shareholders only through the fund's quarterly repurchase offers for no less than 5% of the fund shares outstanding at NAV.

**PIMCO Flexible Municipal Income Fund, A1 Shares (PMAAX)**, seeks to provide high current income exempt from federal income tax, with capital appreciation as a secondary objective. The fund

seeks to opportunistically exploit structural illiquidity in the municipal market and utilizes a flexible, multi-sector tax-efficient approach across the municipal credit spectrum. Its interval fund structure, which offers periodic repurchases rather than providing daily liquidity, gives the fund the flexibility to play offense to try to capitalize on dislocations in periods of municipal market stress by executing investment strategies that may be less liquid and more suited to longer holding periods. The fund is an interval fund and as such offers limited expected share repurchases. The fund has adopted a fundamental investment policy to make quarterly offers to repurchase between 5% and 25% of its outstanding common shares at NAV, reduced by any applicable repurchase fee.

### Rights, Repurchases, Tender Offers

First Trust Advisors L.P. announced that the board of trustees of **First Trust Senior Floating Rate Income Fund II (FCT)** authorized a share repurchase program. Pursuant to the share repurchase program, the fund may from time to time repurchase up to 5% of the fund's common shares (1,334,849 common shares) in secondary market transactions in accordance with applicable law. The fund's share repurchase program will continue until the earlier of (i) the repurchase of 5% of the fund's common shares (1,334,849 common shares) or (ii) March 15, 2021. The fund's repurchase activity will be disclosed in its shareholder report for the relevant fiscal period. There is no assurance that the fund will purchase shares at any specific levels or in any specific amounts.

**Clarion Partners Real Estate Income Fund Inc.**, which offers **Class S Shares (CPRSX)**, **Class T Shares (CPRTX)**, **Class D Shares (CPRDX)**, and **Class I Shares (CPREX)**, announced that the fund's board of directors has approved a tender offer for up to 5.0% of the fund's aggregate NAV, subject to the right to purchase additional shares representing up to 2.0% of the fund's NAV without amending or extending the offer. The tender offer will be conducted at a price equal to the fund's NAV per share of common stock on the day on which the tender offer expires. The fund intends to commence its tender offer on or about June 16, 2020, with the expiration of the tender offer currently expected to be July 16, 2020.

**Western Asset Middle Market Debt Fund Inc. (XWAMX)**, an interval closed-end fund, announced that the fund's board of directors approved a tender offer to purchase for cash up to 10% of the fund's outstanding shares of common stock, subject to the right to purchase up to an additional 2% of the fund's outstanding shares without amending or extending the offer. The tender offer will be conducted at a price



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equal to the fund's NAV per share of common stock on the day on which the tender offer expires. The fund intended to commence its tender offer on or about June 3, 2020, with the expiration of the tender offer currently expected to be July 2, 2020.

**Western Asset Middle Market Income Fund Inc. (XWMFX)**, an interval closed-end fund, announced that the fund's board of directors approved a tender offer to purchase for cash up to 2.5% of the fund's outstanding shares of common stock, subject to the right to purchase up to an additional 2% of the fund's outstanding shares without amending or extending the offer. The tender offer will be conducted at a price equal to the fund's NAV per share of common stock on the day on which the tender offer expires. The fund intended to commence its tender offer on or about June 3, 2020, with the expiration of the tender offer currently expected to be July 2, 2020.

**Eaton Vance Municipal Bond Fund (EIM)** announced that it will conduct a tender offer for up to 5% of its outstanding common shares at a price per share equal to 98% of the fund's NAV per share as of the close of regular trading on the New York Stock Exchange (NYSE) on the date the tender offer expires. On January 21, 2020, the fund announced that it would conduct the tender offer if, during a 120-day period that commenced on January 22, 2020, and ended on May 20, 2020, the fund's common shares trade at an average discount to NAV of more than 6% (based upon the average of the difference between its volume-weighted average market price and NAV each business day during the period). This condition was met. The fund will commence the tender offer on or about June 25, 2020.

## Mergers and Reorganizations

BlackRock Advisors, LLC, announced that at a special meeting of shareholders of **BlackRock Muni New York Intermediate Duration Fund, Inc. (MNE)**, the requisite shareholders of MNE approved the merger of MNE into **BlackRock New York Municipal Opportunities Fund (NYMO)**, an open-end mutual fund and a series of BlackRock Multi-State Municipal Series Trust, with NYMO being the surviving fund. Shareholders of MNE who become shareholders of NYMO will be permitted to redeem, purchase, or exchange shares of NYMO received in the merger at the then-current NAV. It is expected that the merger will be effective when the NYSE opens for business on June 22, 2020, subject to the satisfaction of customary closing conditions and the prior redemption of all MNE's outstanding variable rate demand preferred shares.

The **Nuveen Energy MLP Total Return Fund (JMF)** and the **Nuveen All Cap Energy MLP Opportunities Fund (JMLP)** successfully completed their termination and liquidation following the close of business on May 8, 2020. The termination and liquidation were consistent with the funds' previously announced liquidation plans. The funds are returning the following extended NAV amounts to common shareholders as liquidating distributions: Nuveen Energy MLP Total Return Fund (JMF): \$1.4487 and Nuveen All Cap Energy MLP Opportunities Fund (JMLP): \$1.1047. Shareholders may recognize gain or loss for U.S. tax purposes as a result of the liquidations.

BlackRock Advisors, LLC, announced that the board of trustees of **BlackRock New York Municipal Bond Trust (BQH)**, a closed-end fund, and the board of trustees of BlackRock Multi-State Municipal Series Trust approved the merger of BQH into **BlackRock New York Municipal Opportunities Fund (NYMO)**, an open-end mutual fund and a series of Multi-State Municipal Series Trust, with NYMO being the surviving fund. The merger would provide common shareholders of BQH with shares of an open-end fund that may be redeemed on a daily basis at NAV. It is currently expected that the merger will be completed in the second half of 2020 subject to approval by BQH shareholders, the satisfaction of customary closing conditions, and the prior redemption of all of BQH's outstanding variable rate demand preferred shares.

**Vivaldi Opportunities Fund (VAM)** announced that a merger proposal with **Angel Oak Financial Strategies Income Term Trust (FINS)** was approved at a special meeting of VAM shareholders held on May 26, 2020. Similarly, Angel Oak Financial Strategies Income Term Trust announced that the issuance of additional common shares of beneficial interest of FINS in connection with the merger proposal was approved by its shareholders at a special meeting of FINS shareholders.

With shareholder approval, the closing of the transaction is anticipated for the close of business on Friday, June 5, 2020. After June 5, 2020, VAM shares will no longer be available to purchase or sell on the NYSE. Holders of VAM shares will exchange their shares for FINS shares based on the funds' relative NAV at the close of business on June 5, 2020. When the NYSE opens on June 8, 2020, the shareholders of VAM will hold newly issued common shares of FINS issued at FINS' NAV as of close of business on June 5, 2020, with a value equal to that of their VAM shares. Any fractional shares will be paid out in cash.

In anticipation of the reorganization transaction, the VAM board of directors voted to cease any further distributions after the May 2020 distribution that was paid on May 15, 2020. The first post-closing monthly distribution by FINS is anticipated to have an ex-dividend date of June 15, 2020.

## Other

Tortoise announced that the previously disclosed reverse stock splits for closed-end funds TYG, NTG, TTP, and NDP, were executed on May 1, 2020, prior to the open of trading on the NYSE. The funds' common shares began trading on a split-adjusted basis under their current symbols, but with new CUSIP numbers, as follows: **Tortoise Energy Infrastructure Corp. (TYG)**, one-for-four reverse stock split, 89147L886; **Tortoise Midstream Energy Fund, Inc. (NTG)**, one-for-10 stock split, 89148B200; **Tortoise Pipeline & Energy Fund, Inc. (TTP)**, one-for-four reverse stock split, 89148H207; and **Tortoise Energy Independence Fund, Inc. (NDP)**, one-for-eight reverse stock split, 89148K200.

The reverse stock splits decreased the number of the funds' shares of common stock outstanding and will potentially increase the market price per share by a proportional amount. Neither the funds' portfolio holdings nor the total value of stockholders' investments in the funds were affected as a result of the reverse stock splits. No fractional

shares were issued as a result of the reverse stock splits, except for registered stockholders participating in the funds' dividend reinvestment programs. Any fractional shares resulting from the reverse stock splits were aggregated and will be sold on the NYSE by the funds' transfer agent and the proceeds will be distributed pro rata among stockholders who would otherwise have received fractional shares in the reverse stock splits.

**DWS Municipal Income Trust (KTF) and DWS Strategic Municipal Income Trust (KSM)** each announced that its board of trustees has approved a refinancing plan that is expected to result in the outstanding leverage remaining unchanged for each fund. Pursuant to the refinancing plan, each fund intends to redeem all of its currently outstanding floating rate municipal term preferred shares (MTPS), series 2018. The redemption of each fund's series 2018 MTPS will be conditioned on the receipt of proceeds from the issuance of new preferred shares in an amount equal to the aggregate liquidation preference of the series 2018 MTPS. The series 2018 MTPS of each fund will be redeemed at its liquidation preferences per share plus an amount equal to any unpaid dividends and other distributions on such shares of such series accumulated from and including the date of original issue to (but excluding) the term redemption date for such series.

**Western Asset Corporate Loan Fund Inc. (TLI)** announced that the fund has modified its investment policy relating to investments in collateralized senior loans. Effective May 14, under normal market conditions, the fund invests at least 80% of managed assets in collateralized senior loans. "Managed assets" means net assets of the fund plus the amount of any borrowings and assets attributable to any preferred stock that may be outstanding. Previously, the fund, under normal market conditions, invested at least 80% of total assets in collateralized senior loans.

**Western Asset Intermediate Muni Fund Inc. (SBI), Western Asset Managed Municipals Fund Inc. (MMU), Western Asset Municipal Partners Fund Inc. (MNP), Western Asset Municipal High Income Fund Inc. (MHF), and Western Asset Municipal Defined Opportunity Trust Inc. (MTT)** announced that effective May 21, 2020, SBI, MMU, MNP, and MHF may enter into tender option bond (TOB) transactions and may invest in inverse floating rate instruments issued in TOB transactions. Also effective May 21, MTT's current investment policy regarding TOB transactions was updated to include the following disclosure:

In a TOB transaction, a fund transfers securities (typically municipal bonds or other municipal securities) into a special purpose entity, referred to as a TOB trust. The TOB trust generally issues floating rate notes to third parties and residual interest TOBs to a fund. The net proceeds of the sale of the floating rate notes, after expenses, are received by a fund and may be invested in additional securities. The residual interest TOBs are inverse floating rate debt instruments (inverse floaters), as the return on those bonds is inversely related to changes in a specified interest rate. Distributions on the inverse floaters paid to a fund will be reduced or, in the extreme, eliminated as short-term interest rates rise and will increase when such interest rates fall. Floating rate notes issued by a TOB trust may be senior to the inverse floaters held by a fund. A fund may enter into TOB transactions on either a non-recourse or recourse basis. If a fund invests in a TOB trust on a recourse basis, it will bear the risk of loss with respect to any liquidation of the TOB trust. Each fund will look through to the underlying securities held by a TOB trust for purposes of calculating compliance with the fund's 80% policy as described in each fund's shareholder report. TOB

transactions create leverage to the extent a fund invests the net proceeds of the floating rate notes in additional securities. Each fund currently intends to segregate or earmark liquid assets or otherwise cover its obligations with respect to its investments in TOB trusts.

BlackRock Advisors, LLC, announced the declaration of a special distribution for **BlackRock Muni New York Intermediate Duration Fund, Inc. (MNE)** in relation to the previously announced merger with BlackRock New York Municipal Opportunities Fund (NYMO), an open-end mutual fund and a series of BlackRock Multi-State Municipal Series Trust, with NYMO being the surviving fund.

The special distribution declared on May 29, 2020, represents MNE's regular monthly distribution plus any undistributed net investment income earned through the effective date of the merger. In order to maintain status as a regulated investment company and to avoid the imposition of a corporate level income tax, MNE is required to declare a distribution of all net investment income prior to the consummation of the merger as described above. Other than the special distribution announced, MNE will declare no further distributions prior to or following the merger. As this special distribution includes all net investment income earned by MNE in earlier periods and not previously distributed, it is not indicative of the amount of NYMO's future monthly distributions.

MNE is declaring a special distribution that will be payable on June 12, 2020. The ex-dividend date for the distribution is June 5, 2020, and the record date is June 8, 2020. Accordingly, persons who are holders of record of MNE common shares on June 8, 2020, should expect to receive the distribution. The distribution payable to shareholders of MNE will be paid in cash and will not be eligible for dividend reinvestment. Common shares of MNE acquired after June 4, 2020, will not be entitled to the distribution.

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