

## Closed-End Funds (CEFs)

- Closed-end funds (CEFs) followed up their strong 2020 performance with a solid Q1. The Morningstar “All CEFs” Peer Group Index returned 3.25% and 6.42% for the quarter on net asset value (NAV) and market price, respectively.
- For the second straight quarter, discounts moved meaningfully narrower. All CEF Discounts were 261 basis points (bps) narrower, All Equity CEFs 292 bps narrower, All Taxable Fixed Income CEFs 326 bps narrower and All Muni CEFs 156 bps narrower.
- The All CEF discount is now narrower than the long-run average of -4.76% dating back to December 1996.

### All CEFs Total Returns 3.31.2011 - 3.31.2021

Peer Group Index	1 Month	3 Months	Year-To-Date	1 Year	3 Years	5 Years	10 Years
All CEFs	2.89%	6.42%	6.42%	42.92%	8.72%	8.69%	7.43%
All Hybrid (Allocation) CEFs	3.71%	10.13%	10.13%	59.86%	9.24%	11.62%	8.79%
All Fixed Income CEFs	2.21%	3.36%	3.36%	28.97%	8.57%	7.14%	7.36%
All Equity CEFs	4.08%	11.94%	11.94%	70.06%	7.27%	10.15%	6.27%
All Taxable Fixed Income CEFs	2.35%	4.71%	4.71%	41.32%	8.26%	9.82%	7.42%
All Municipal CEFs	2.05%	1.72%	1.72%	15.84%	8.43%	4.28%	6.85%

Past performance is not a guarantee of future results. Short term performance may not be indicative of long term results. See page 5 for peer group index definitions. Source: RiverNorth Capital Management, LLC, Morningstar, Inc. Based on All CEFs Peer Group Index unweighted market price total returns.

### Best and Worst Performing CEFs by Net Asset Value (NAV) and Market Price As of 3.31.2021

Top 5 / Bottom 5	CEF Peer Group Indices 3 Months Ending 3.31.2021	NAV Total Return
MLP CEFs		21.91%
U.S. Equity CEFs		9.96%
U.S. Hybrid (Allocation) CEFs		6.68%
Real Estate CEFs		6.49%
Global Hybrid (Allocation) CEFs		6.09%
Investment Grade CEFs		-0.97%
Global Income CEFs		-1.50%
Taxable Municipal CEFs		-3.05%
Emerging Market Income CEFs		-4.50%
Commodity CEFs		-5.22%

Top 5 / Bottom 5	CEF Peer Group Indices 3 Months Ending 3.31.2021	Price Total Return
MLP CEFs		30.69%
U.S. Equity CEFs		14.05%
Real Estate CEFs		12.83%
Global Equity CEFs		11.87%
Global Hybrid (Allocation) CEFs		11.63%
Emerging Market Income CEFs		1.17%
Investment Grade CEFs		0.03%
California Municipals CEFs		0.02%
Commodity CEFs		-5.14%
Taxable Municipal CEFs		-6.00%

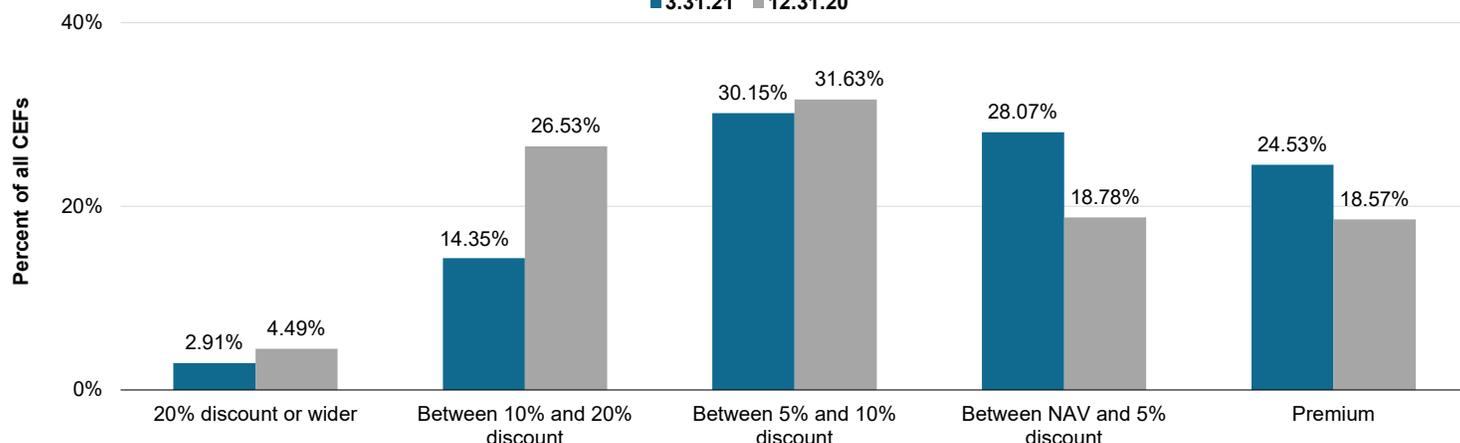
Past performance is not a guarantee of future results. Short term performance may not be indicative of long term results. See page 5 for peer group index definitions. Source: RiverNorth Capital Management, LLC, Morningstar, Inc.

# RiverNorth Market Review: CEFs, SPACs & BDCs

- While closed-end fund market and peer group average discounts have narrowed significantly over the last two quarters, there are still pockets of opportunity that will be driven by bottom-up security selection. As you can see from the chart below, just less than half of the CEF market still trades at a discount of greater than 5%.

**CEF Discount/Premium Snapshot**

■ 3.31.21 ■ 12.31.20



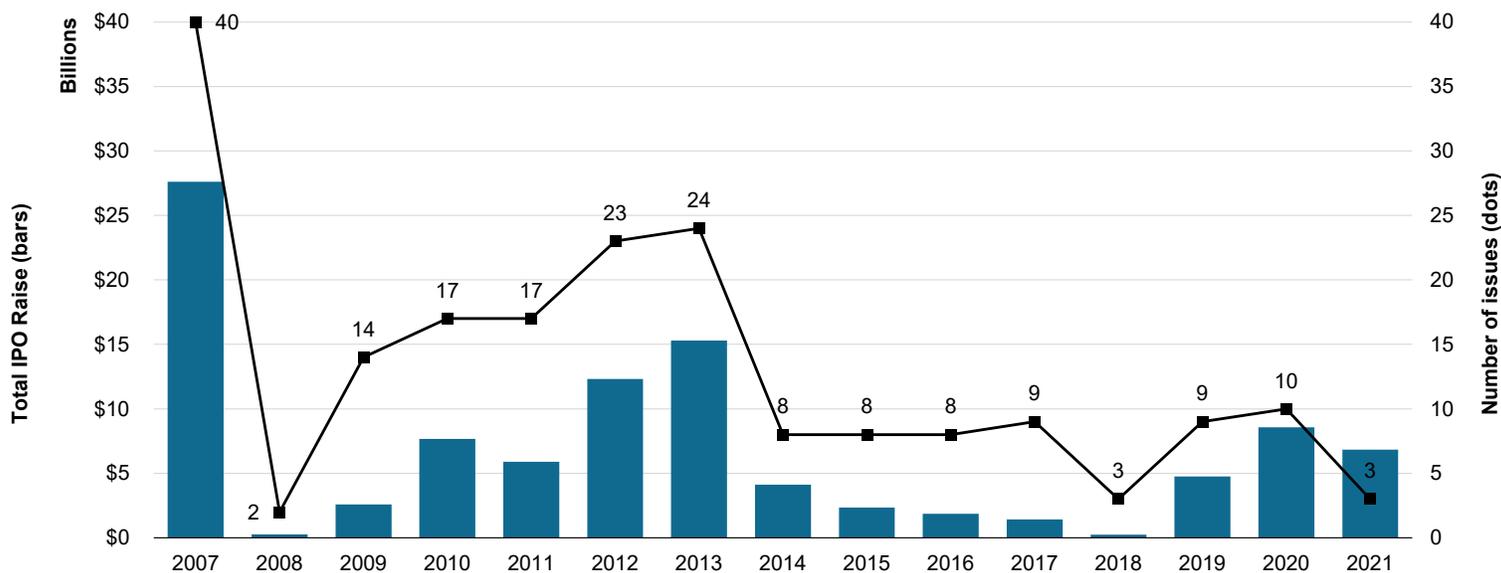
Past performance is not a guarantee of future results.

Source: RiverNorth Capital Management, LLC; Morningstar, Inc.

- Further, a lack of institutional ownership at current levels can drive a “gap up” in CEF prices as retail investor sentiment is decidedly net positive.
- Interest rates have started to move somewhat higher based on current and forward looking economic data. Fear of higher interest rates has historically provided closed-end fund trading opportunities for our strategies.
- There were three traditional CEF initial public offerings (IPOs) in Q1 2021, totaling \$6.84 billion in assets raised —tickers were PDO, RFMZ, and BIGZ. The average raise per deal was \$2.28 billion.

**CEF IPO Market**

1.1.2007–3.31.2021



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Number of Issues</b>	40	2	14	17	17	23	24	8	8	8	9	3	9	10	3
<b>Total Raise (\$M)</b>	27,600	262	2,590	7,667	5,882	12,305	15,290	4,118	2,332	1,867	1,426	239	4,749	8,558	6,840
<b>Average Raise (\$M)</b>	690	131	185	451	346	535	637	515	292	233	158	80	528	856	2,280
<b>Total CEF Market AUM</b>	<b>\$263 Billion Net Assets, \$255 Billion Market Cap as of 3.31.21</b>														

Past performance is not a guarantee of future results.

Source: RiverNorth Capital Management, LLC; The Investment Company Institute

## Special Purpose Acquisition Companies (SPACs)

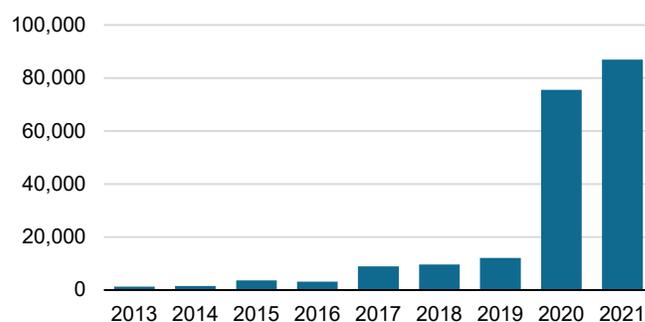
- After a record setting year in 2020 for the number of IPOs and assets raised, SPACs got off to a fast start in 2021.
- At the beginning of the year acquisition announcements continued to be well received by the market and demand for SPAC IPOs was higher than ever. In fact, SPAC IPOs raised more money in the first quarter of 2021 than in all of 2020.

**SPAC Snapshot**  
1Q 2021 vs. 2020

	1Q2021	2020
<b>SPAC IPOs</b>	298	248
<b>SPAC IPOs (\$ Millions)</b>	\$87,020	\$75,535
<b>Mergers Announced</b>	93	51
<b>Mergers Completed</b>	24	64
<b>SPACs Liquidated</b>	0	2

Past performance is not a guarantee of future results.  
Source: RiverNorth Capital Management, LLC; Bloomberg.

**SPAC Assets Raised (\$ Millions)**  
1.1.2013 - 3.31.2021



Past performance is not a guarantee of future results.  
Source: RiverNorth Capital Management, LLC; Bloomberg.

## SPAC Outcomes Since 2013

	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
<b>IPOs</b>	<b>10</b>	<b>11</b>	<b>20</b>	<b>13</b>	<b>34</b>	<b>46</b>	<b>59</b>	<b>248</b>	<b>298</b>	<b>739</b>
<b>Completed Acquisitions</b>	8	8	17	12	29	43	30	25	0	<b>172*</b>
<b>Liquidations</b>	2	3	3	1	3	1	1	0	0	<b>14*</b>
<b>Announced Targets</b>	0	0	0	0	2	2	21	92	3	<b>120</b>
<b>Seeking Acquisition</b>	0	0	0	0	0	0	7	131	295	<b>433</b>
<b>Completed Acquisitions %</b>	80%	73%	85%	92%	85%	93%	51%	10%	0%	<b>23%</b>
<b>Liquidations %</b>	20%	27%	15%	8%	9%	2%	2%	0%	0%	<b>2%</b>
<b>Announced Acquisitions %</b>	0%	0%	0%	0%	6%	4%	36%	37%	1%	<b>16%</b>
<b>Seeking Acquisition %</b>	0%	0%	0%	0%	0%	0%	12%	53%	99%	<b>59%</b>

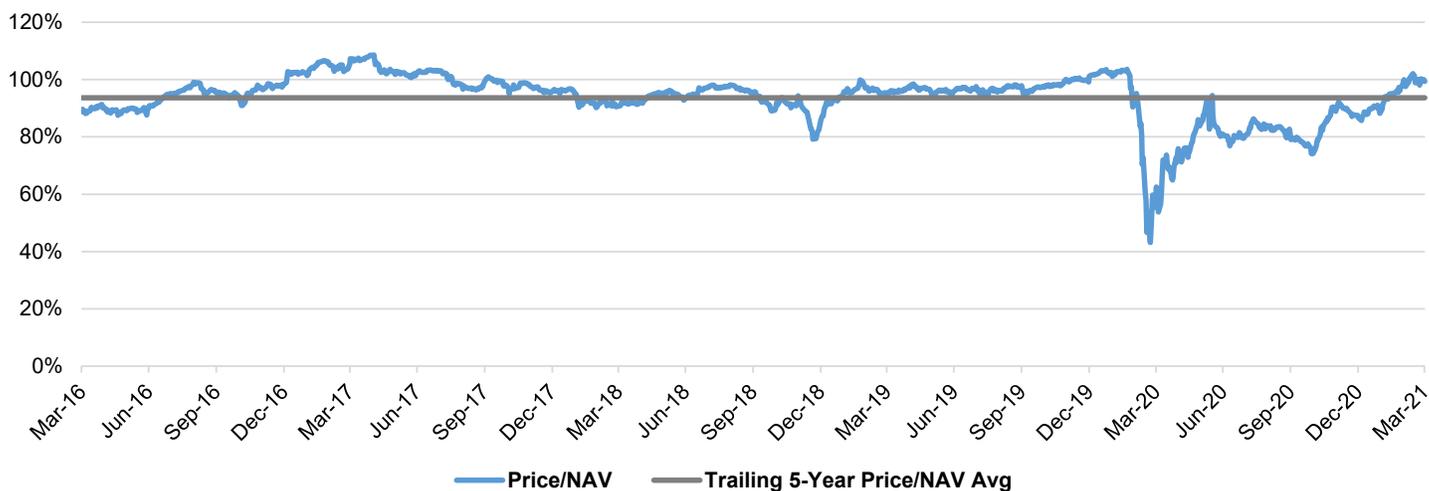
Past performance is not a guarantee of future results.  
Source: RiverNorth Capital Management, LLC; Bloomberg.

- Due to the high demand for SPACs, sponsors did the sensible thing and decreased the terms offered to investors. Warrant coverage of 1/4 or 1/5 of a warrant per unit became common during the quarter, compared to 1/2 of a warrant that had been standard over the past several years. Despite terms becoming less favorable for investors, most SPACs still traded up significantly once they started trading.
- SPACs ended the quarter the exact opposite of how it began. SPACs that have announced acquisitions in March have not traded up for the most part, and a majority of IPOs over the second half of March have traded below their IPO price on their first day of trading. In addition, many SPACs that had their IPO earlier in the year are also trading below their IPO price now. This has caused investor interest in new SPAC IPOs to evaporate, and as of the last week in March almost all IPOs have been postponed.
- The March slowdown presents two interesting opportunities in our view: 1) The ability to purchase SPACs at a discount to their trust value as the market traded down, and 2) The potential for more favorable terms on new issues as sponsors are motivated to bring their SPACs to the market. There are over 200 SPACs on file that are ready to go public, and we believe that many of the sponsors will want to get their IPOs done sooner rather than later and will therefore offer attractive terms to investors.

## Business Development Companies (BDCs)

- BDCs also followed up their strong 2020 performance with a large, positive move in Q1. The Wells Fargo BDC Index posted a total return of 17.65% in Q1.
- BDCs are currently trading right around NAV, and in our view the asset class is fairly valued.
- We still see some upside in a few names, driven by more discount narrowing and book value gains.

**BDC Market Price / Net Asset Value**  
3.31.2016 - 3.31.2021



*Past performance is not a guarantee of future results.*  
Source: Wells Fargo BDC Index. See page 5 for index definitions.

- We continue to focus on a short list of higher-quality names with solid credit underwriting, conservatively structured portfolios, and substantial liquidity. We believe BDCs that fit these criteria represent attractive value relative to traditional high yield and bank loan investments.

## Investment Company Debt (ICD)

- Yields across investment company debt continued to decline during the first quarter – the new issue market was very active with several large, tenured issuers printing deals at all-time low yields.
- The new issue market has been very active. The growth (from \$14-15 billion market cap nine months ago to ~\$25 billion today) has been driven by large (\$500 million+) offerings from the largest sponsors. Recently, we saw some of the first \$1 billion+ offerings in our recollection.
- These large deals are skewing the weighted-average yield-to-worst lower (currently ~ 2.5%) which is tight relative to the asset class historically. However, we still believe these yields, when considering the duration and credit risk, are attractive relative to comparable investment grade corporate debt.
- Furthermore, we are finding good opportunities in the smaller, off-the-run, and/or non-rated deals, where spreads are a little wider.

*Past performance is not a guarantee of future results.*  
See page 5 for further information and definitions.

## Risk Information:

The price at which a closed-end fund trades often varies from its net asset value (NAV). Some funds have market prices below their NAVs - referred to as a discount. Conversely, some funds have market prices above their NAVs - referred to as a premium.

SPACs are collective investment structures that pool capital in order to seek potential acquisition opportunities. SPACs and similar entities, often referred to as "blank check" companies, have no operating history or ongoing business other than to seek a potential acquisition. Certain SPACs may seek acquisitions only in limited industries or regions, which may increase the volatility of their prices. Investments in SPACs may be illiquid and/or be subject to restrictions on resale. To the extent the SPAC is invested in cash or similar securities, this may impact a fund's ability to meet its investment objective.

BDCs generally invest in less mature U.S. private companies or thinly traded U.S. public companies which involve greater risk than well-established publicly-traded companies. While BDCs are expected to generate income in the form of dividends, certain BDCs during certain periods of time may not generate such income.

Investing involves risk. Principal loss is possible. Past performance is no guarantee of future results. Diversification does not ensure a profit or a guarantee against loss.

## Definitions:

A **Closed-End Fund** is a portfolio of pooled assets that raises a fixed amount of capital through an initial public offering (IPO) and then lists shares for trade on a stock exchange.

A **Basis Point** is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument.

**Special Purpose Acquisition Company (SPAC)** is a company with no commercial operations that is formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring an existing company.

A **Business Development Company (BDC)** is an organization that invests in small- and medium-sized companies as well as distressed companies. A BDC helps the small- and medium-sized firms grow in the initial stages of their development.

**Wells Fargo BDC Index** is a float adjusted, capitalization-weighted index that is intended to measure the performance of all Business Development Companies ("BDC") that are listed on the New York Stock Exchange or NASDAQ and satisfy specified market capitalization and other eligibility requirements.

**Investment Company (IC)** is a corporation or trust engaged in the business of investing the pooled capital of investors in financial securities.

## Peer Group Indices (Based on the Morningstar Un-weighted Closed-End Fund Indexes):

**The Master limited Partnership (MLP) CEF index** is the average of all CEFs categorized by Morningstar as utilizing a MLP investment strategy. MLP CEFs are defined as funds that invest primarily in MLPs.

**The U.S. Equity index** is the average of all CEFs categorized by Morningstar as utilizing a domestic equity investment strategy. U.S. equity CEFs are defined as funds investing their assets primarily in U.S. equity securities; generally, these funds are seeking long-term capital appreciation rather than income.

**The U.S. Hybrid (Allocation) index** is the average of all closed end funds categorized by Morningstar as utilizing a U.S. hybrid investment strategy. Hybrid closed end funds are funds investing in both equity and fixed income securities in U.S. Funds are categorized into this peer group if they have a policy of investing no more than 70 of their assets in either equities or fixed income.

**The Real Estate CEF index** is the average of all CEFs categorized by Morningstar as utilizing a real estate investment strategy. Real estate CEFs are defined as funds that invest primarily in equity securities of domestic and foreign companies engaged in the real estate industry.

**The Global Hybrid (Allocation) index** is the average of all closed end funds categorized by Morningstar as utilizing a global hybrid investment strategy. Hybrid closed end funds are funds investing in both equity and fixed income securities in U S and foreign countries, with an emphasis on developed countries Funds are categorized into this peer group if they have a policy of investing no more than 70 of their assets in either equities or fixed income.

**The Investment Grade CEF index** is the average of all CEFs categorized by Morningstar as utilizing a investment grade investment strategy. Investment grade CEFs are defined as funds that invest primarily in investment grade debt instruments. Credit ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). All fund securities except for those labeled "Not Rated" and "Other" have been rated by Moody's, S&P or Fitch, which are each a Nationally Recognized Statistical Rating Organization ("NRSRO"). All Index securities except for those labeled "Not Rated" have been rated by Moody's or S&P. Credit ratings are subject to change.

**The Global Income CEF index** is the average of all CEFs categorized by Morningstar as utilizing a global income investment strategy. Global income CEFs are defined as funds that consist of securities in all parts of the world. Global funds are chosen primarily by investors who wish to diversify against country-specific risk without excluding their own country.

**The Taxable Muni CEF index** is the average of all CEFs categorized by Morningstar as utilizing a taxable muni investment strategy. Taxable Muni CEFs are defined as funds that invest in fixed-income securities issued by a local government such as a city or county or related agencies which has taxable income. Taxable municipal bonds are generally issued to finance a project or activity that does not provide a major benefit to the public.

**The Emerging Market Income index** is the average of all CEFs categorized by Morningstar as utilizing an emerging market income investment strategy. Emerging Market income CEFs are defined as funds that invest primarily in emerging market government and corporate debt securities.

**The Commodity CEF index** is the average of all CEFs categorized by Morningstar as utilizing a commodity investment strategy. Commodity CEFs are defined as funds that invest in a physical good, such as an agricultural product or metal, that is interchangeable with other goods of the same type. Commodity futures (contracts for the future delivery of a standardized amount of the commodity) are traded on exchanges such as the Chicago Board of Trade.

**The Municipal-CA CEF index** is the average of all CEFs categorized by Morningstar as utilizing a municipal-CA investment strategy. Municipal-CA closed-end funds are defined as funds that invest primarily in those securities that are exempt from taxation in California and are insured as to timely payment.

Indexes cannot be invested in directly and do not reflect fees and expenses.

***An investor should consider the investment objectives, risks, charges and expenses of the Fund (or of the Investment Company) carefully before investing. To obtain a prospectus containing this or other information about the Fund, please call 888.848.7569 or download a PDF version from [rivernorth.com](http://rivernorth.com). Read the prospectus carefully before you invest.***