

Performance

The Morningstar All Municipal CEFs Peer Group Index¹ returned -9.6.9% and -13.27% for the quarter on net asset value (NAV) and market price, respectively. RFMZ (the “Fund”) returned -11.82% and -16.08% on NAV and market price, respectively, compared to the Bloomberg US Municipal Bond Index total return of -6.23%.

	1 Month	1Q22	1 Year [^]	Since Inception ^{^*}
RiverNorth Flexible Municipal Income Fund II, Inc. (NAV)	-4.70%	-11.82%	-7.68%	-6.10%
RiverNorth Flexible Municipal Income Fund II, Inc. (Price)	-4.06%	-16.08%	-13.01%	-11.83%
Bloomberg US Municipal Index ¹	-3.24%	-6.23%	-4.47%	-3.75%
Morningstar All CEF Peer Group (NAV) ¹	-0.67%	-4.79%	1.91%	1.86%
Morningstar All CEF Peer Group (Price) ¹	-0.11%	-6.99%	1.80%	3.37%

[^]Periods greater than one year are annualized.

* 2.24.2021.

Performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. The principal value and investment return of an investment will fluctuate so that your shares, when redeemed, may be worth more or less than their original cost. You can obtain performance data current to the most recent month end by calling (844) 569-4750 or by visiting rivernorth.com. Total return measures net investment income and capital gain or loss from portfolio investments. All performance shown assumes reinvestment of dividends and capital

Quarterly Review

The Fund’s credit quality and geographic diversification was relatively unchanged quarter over quarter, while the RiverNorth Tactical Municipal CEF sleeve weight decreased about 5%. It’s worth noting that given the significant CEF volatility we experienced to date (more below), we had to add CEF exposure to maintain the current sleeve weighting. Both sleeves of the portfolio contributed negatively to performance for the quarter. Within the RiverNorth sleeve, CEF NAV exposure was the largest detractor from performance. Against the backdrop of rising US Treasury yields, the Fund’s interest rate hedge contributed positively to performance over the quarter.

The average discount of the Fund’s CEF portfolio at quarter-end was 7.9%, which reflects about 400 basis points (bps) of discount widening over the quarter. Municipal CEFs are down 15% from recent highs, which is the largest decline since the pandemic-driven drawdown in March – April 2020 where municipal CEF prices were down more than 20% at the trough. Excluding the brief period of volatility at the start of the pandemic, municipal CEF discount volatility increased to levels not seen since the “Taper Tantrum” in 2013.

While CEF volatility rarely feels good as an investor when experiencing it, RiverNorth has historically used this volatility as an opportunity to realign the portfolio to a state which sets up nicely for the reversion/recovery stage of the market cycle. In our view, investor fear over inflation and rising rates continues to dominate the CEF market, and we’ll likely need to see some sort of stability in interest rate expectations/sentiment before we see a drop in CEF volatility.

Notes from MacKay Municipal Managers

Volatility in global asset classes mirrored that in the municipal market and many investors reacted by pulling money from their municipal holdings. Municipal outflows were roughly \$20 billion at quarter end, with a little more than half of these outflows coming in March. Investors selling to meet redemptions drove municipal yields higher with much of the municipal curve rising over 110 bps. Furthermore, given the challenging liquidity backdrop, municipal spreads widened as did ratios to Treasuries. Some of the fund’s lower coupon bonds saw their durations extend as bonds went from pricing at premiums at the beginning of the quarter to discounts later in the quarter as yields rose. Consequently the Fund’s US Treasury futures hedge aided the relative performance of the fund. The Fund’s overweight exposure to the Transportation sector represented the largest drag on relative performance for the quarter while credit selection in the Hospital sector aided in the Fund’s relative performance.

Risk Information: See the prospectus for a more detailed description of Fund risks. Investing involves risk.

Although the income from the Fund’s municipal bond investments is generally exempt from federal income tax, you may owe taxes on any capital gains realized through the Fund’s trading or through your own redemption of shares. For some investors, a portion of the Fund’s income may be subject to state and local taxes, as well as to the federal alternative minimum tax. Risk is inherent in all investing. Investing in any investment company security involves risk, including the risk that you may receive little or no return on your investment or even that you may lose part or all of your investment. Therefore, before investing in the Common Shares, you should consider the risks as well as the other information in the prospectus.

Past performance is no guarantee of future results. Diversification does not ensure a profit or guarantee against loss. An investment in the Fund is not appropriate for all investors and is not intended to be a complete investment program. The Fund is designed as a long-term investment and not as a trading vehicle. The fund is a closed-end fund and closed-end funds do not continuously issue shares for sale as open-end mutual funds do. Since the initial public offering, the Fund now trades in the secondary market. Investors wishing to buy or sell shares need to place orders through an intermediary or broker. The share price of a closed-end fund is based on the market’s value. Investments may include securities that have a rating that below investment grade, including “high yield” securities. High yield bonds are subject to interest rate risk. If rates increase, the value generally declines. Leverage is a speculative technique that exposes a closed-end fund to greater risk and increased costs than if it were not used. The use of leverage may cause greater volatility in the level of a closed-end fund’s NAV, market price and distributions on its common shares. Leverage will also result in higher fees to the closed-end fund manager because the amount of assets under management will be included in the Fund’s managed assets. There can be no assurance that a closed-end fund will use leverage or that its leveraging strategy will be successful during any period in which it is employed.

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.

Basis Point (bps) is a common unit of measure for interest rates and other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01% (0.0001), and is used to denote the percentage change in a financial instrument

Yield refers to the earnings generated and realized on an investment over a particular period of time.

Duration is a measure of the sensitivity of the price of a bond or other debt instrument to a change in interest rates. Duration is non-linear and accelerates as time to maturity lessens.

Mean reversion trading tries to capitalize on extreme changes in the pricing of a particular security, assuming that it will revert to its previous state.

A trough, in economic terms, can refer to a stage in the business cycle where activity is bottoming, or where prices are bottoming, before a rise.

Taper tantrum, describes the 2013 surge in US Treasury yields, resulting from the Federal Reserve's (Fed) announcement of future tapering of its policy of quantitative easing.

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"). A BBB+ rating means that the bond still is considered an investment grade bond, though it does carry more risk than higher rated bonds.

A yield curve is a line that plots yields (interest rates) of bonds having equal credit quality but differing maturity dates. The slope of the yield curve gives an idea of future interest rate changes and economic activity.

U.S. Treasury Bond Futures are standardized contracts for the purchase and sale of U.S. government notes or bonds for future delivery. Bond futures are financial derivatives that obligate the contract holder to purchase or sell a bond on a specified date at a predetermined price. The bond futures contract is used for hedging, speculating, or arbitrage purposes. Hedging is a form of investing in products that provide protection to holdings.

A coupon or coupon payment is the annual interest rate paid on a bond, expressed as a percentage of the face value and paid from issue date until maturity.

¹ The Morningstar All Municipal CEFs Peer Group Index is an equally-weighted index of all Closed-End Funds that invest substantially all of their assets in closed-end funds categorized by Morningstar as utilizing a municipal bond investment strategy. Municipal bond closed-end funds are defined as funds that invest in a diversified portfolio of investment grade municipal bonds in a variety of sectors and States. The Bloomberg US Municipal Index is an unmanaged index made up of a representative list of general obligation, revenue, insured and pre-refunded bonds. The index is frequently used as a general measure of tax-exempt bond market performance. The index cannot be invested in directly and does not reflect fees and expenses. The Morningstar All CEF Peer Group Index is an equally-weighted index of all U.S.-listed Closed-End Funds that invest substantially all of their assets in taxable, nonmunicipal securities. Indexes cannot be invested in directly and do not reflect fees and expenses.

Investors should consider the investment objective, management fees, risks, charges and expenses of the Fund carefully before investing. The Prospectus contains this and other information about the Fund. For a current Prospectus, call toll-free 844.569.4750 or visit rivernorth.com. Please read the Prospectus carefully before you invest.

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