

## HOW DID THE FUND PERFORM RELATIVE TO ITS BENCHMARK DURING THE PERIOD?

	1 Month	3Q22	YTD	1 YR <sup>^</sup>	3YR <sup>^</sup>	5YR <sup>^</sup>	Since Inception <sup>**</sup>
RiverNorth Specialty Finance Corporation (NAV)	-2.66%	-1.30%	-6.07%	-4.64%	4.30%	3.03%	3.61%
RiverNorth Specialty Finance Corporation (Price)	-4.18%	-2.03%	-3.06%	-0.79%	7.75%	3.43%	3.94%
Bloomberg US Aggregate Bond Index <sup>1</sup>	-4.32%	-4.75%	-14.61%	-14.60%	-3.26%	-0.27%	-0.19%
Bloomberg US High Yield Corporate Index <sup>1</sup>	-3.97%	-0.65%	-14.74%	-14.14%	-0.45%	1.57%	2.83%
S&P/LSTA Leveraged Loan Index <sup>1</sup>	-2.85%	1.29%	-4.26%	-3.92%	1.39%	2.51%	3.47%

<sup>^</sup> Periods greater than one year are annualized.

<sup>\*</sup> 9.22.2016.

*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](http://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 gains distributions.*

## WHAT CONTRIBUTING FACTORS WERE RESPONSIBLE FOR THE FUND'S RELATIVE PERFORMANCE DURING THE PERIOD?

The Fund's small business whole loan portfolio continues to perform well as returns for the asset have settled in around pre-pandemic levels. The portfolio contributed positively to returns over the quarter, notwithstanding the pain investors have been experiencing in traditional fixed income assets.

We continue to like investment company debt (ICD), especially on a risk-adjusted basis relative to the equity. During the repricing of fixed income assets generally, the prices of business development company (BDC) debt fell significantly which has created excellent opportunities to generate income while controlling for risk. The Fund's exposure to ICD also damped NAV volatility over the quarter as the asset contributed a flat return during the quarter.

The third quarter saw a continuation of the special purpose acquisition company (SPAC) trends that we've seen throughout 2022 – a relatively slow initial public offering (IPO) market, increasing numbers of liquidations, and high redemption rates on SPACs that do complete acquisitions. SPACs contributed a relatively small negative return to fund performance over the quarter.

The closed-end fund (CEF) and BDC markets continue to experience significant weakness in 2022. The 3rd quarter was one of the 10 worst for CEFs since 1997. Q1 and Q2 2022 also rank in the bottom 10. The Fund's BDC exposure contributed the largest amount of negative return to the Fund over the quarter.

## HOW WAS THE FUND POSITIONED AT THE END OF THE PERIOD?

The Fund has 40% of its portfolio (down from 44% at the beginning of the quarter) allocated to small business whole loans originated by Square Capital. This is a unique, high income, short duration asset that we believe adds a strong degree of diversification to a portfolio of more traditional fixed income assets. Additionally, the Fund had 27% of its assets in ICD, 12% in SPACs and ~9% in CEFs and BDCs, combined.

## WHAT IS THE OUTLOOK GOING FORWARD?

We continue to believe that the current mix of specialty finance assets such as small business whole loans, investment company debt (ICD), and SPACs combined with the Fund's CEF and BDC exposure provides an attractive diversifier to traditional fixed income portfolios.

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

As The profitability of specialty finance and other financial companies is largely dependent upon the availability and cost of capital funds, and may fluctuate significantly in response to changes in interest rates, as well as changes in general economic conditions. If the borrower of Alternative Credit (as defined below) in which the Fund invests is unable to make its payments on a loan, the Fund may be greatly limited in its ability to recover any outstanding principal and interest under such loan, as (among other reasons) the Fund may not have direct recourse against the borrower or may otherwise be limited in its ability to directly enforce its rights under the loan, whether through the borrower or the platform through which such loan was originated, the loan may be unsecured or under collateralized, and/or it may be impracticable to commence a legal proceeding against the defaulting borrower. Substantially all of the Alternative Credit in which the Fund invests will not be guaranteed or insured by a third party. In addition, the Alternative Credit Instruments in which the Fund may invest will not be backed by any governmental authority. Prospective borrowers supply a variety of information regarding the purpose of the loan, income, occupation and employment status (as applicable) to the lending platforms. As a general matter, platforms do not verify the majority of this information, which may be incomplete, inaccurate, false or misleading. Prospective borrowers may misrepresent any of the information they provide to the platforms, including their intentions for the use of the loan proceeds.

Alternative Credit Instruments are generally not rated by the nationally recognized statistical rating organizations (“NRSROs”). Such unrated instruments, however, are considered to be comparable in quality to securities falling into any of the ratings categories used by such NRSROs to classify “junk” bonds (i.e., below investment grade securities). Accordingly, the Fund’s unrated Alternative Credit Instrument investments constitute highly risky and speculative investments similar to investments in “junk” bonds, notwithstanding that the Fund is not permitted to invest in loans that are of subprime quality at the time of investment. Although the Fund is not permitted to invest in loans that are of subprime quality at the time of investment, an investment in the Fund’s Shares should be considered speculative and involving a high degree of risk, including the risk of loss of investment. There can be no assurance that payments due on underlying loans, including Alternative Credit, will be made. Special Purpose Acquisition Companies (SPACs) 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.

The Fund is a closed-end fund and closed-end funds do not continuously issue shares for sale as open-end mutual funds do. The Fund now trades in the secondary market. Investors wishing to buy 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.

The Fund is classified as non-diversified, which means the Fund may invest a larger percentage of its assets in the securities of a smaller number of issuers than a diversified fund. Investment in securities of a limited number of issuers exposes the Fund to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers.

#### 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.

Investment Company (ICD) are non-equity securities. Notes typically obligate issuers to repay creditor the principal loan, in addition to any interest payments, at a predetermined date.

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.

A Special Purpose Acquisition Company (SPAC) is a publicly traded company that raises a blind pool capital through an initial public offering (IPO) for the purpose of acquiring an existing company.

Square Capital is an invitation-only advance on the sales that retailers make through Square’s point of sales system. It’s essentially a merchant cash advance, meaning that you pay a fixed fee rather than interest and repay the funds with a percentage of your daily sales.

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.

Spread refers to the difference between two prices, rates or yields.

<sup>1</sup> 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 Aggregate Bond Index is an unmanaged index of investment-grade fixed-rate debt issues with maturities of at least one year. The Bloomberg US Corporate High Yield Index is an unmanaged, U.S. dollar–denominated, nonconvertible, non-investment-grade debt index. The S&P/LSTA Leveraged Loan Index is an unmanaged index of the institutional leveraged loan market. 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](http://rivernorth.com). Please read the Prospectus carefully before you invest.**

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RVN001620 EXP. 1.31.23

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