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RiverNorth Opportunities Fund and RiverNorth Core Opportunity Fund
Audio Review – Transcript

Chris Lakumb	Hello. This is Chris Lakumb with RiverNorth, and I'm joined by my colleague Steve O'Neill, who's the lead portfolio manager across RiverNorth's closed-end fund trading strategies. Today we'll be providing a short audio first-quarter commentary for several of the RiverNorth registered funds. All of the supporting performance numbers, portfolio details, and links to marketing collateral and fund literature can be found on the fund's respective web pages at rivernorth.com. First, we're going to dive into the RiverNorth Opportunities Fund, ticker symbol RIV, and I'll start with a quick performance recap for the quarter. In Q1, the fund generated a positive 4.59% return on NAV (net asset value) and a negative 4.49% return on market price, and that compares to the 7.5% return on the S&P 500 and the 2.96% return on the Bloomberg US Aggregate Bond Index. Deconstructing that performance, exposure to closed-end funds, both discount narrowing and NAV exposure, were the top positive contributors to NAV performance for the quarter, while the fund's short hedge, not surprisingly, slightly detracted from returns, given the strength in the market overall. Steve, I'm going to turn it over to you. Anything you'd like to highlight within the fund with respect to positioning and the opportunity set?
Steve O'Neill	Yeah. Thanks, Chris. I think it's helpful to think about how we've allocated the capital across the portfolio. When we look at the investment portfolio, which is levered, about half of the investment portfolio is invested in closed-end funds. We've got about 16% allocated to SPACs (special purpose acquisition companies), 12% in investment company debt, and the balance, which is about 20%, invested in US Treasuries, T-bills, and cash. And so kind of with those numbers in mind, I think high-level I'd like to comment on a few of the changes. I think we've been really focused on adding high-quality fixed income to the portfolio, and so some of the changes that we've made during the quarter are to increase our allocation to Treasuries, mostly in the 1-, 2-year range, but we also added some 30-year paper as well. We also focused on adding some investment company debt as kind of 3- to 5-year maturity investment-grade paper. But collectively, the Treasuries and the investment company bonds, the idea there was to increase the fixed income exposure in the portfolio and, again, add some high-quality income. One thing that hasn't changed during the quarter is our closed-end fund exposure. We're still around 50% of the portfolio invested in closed-end funds. And then one thing to point out that we've been reducing in the portfolio is our allocation to SPACs. Those haven't been outright sales, but just terminations within the SPAC portfolio, and as we get our cash back, the allocation to SPACs declines, and in large part we've been taking that cash to buy the Treasuries and investment company bonds that I mentioned earlier.
Chris Lakumb	Steve, any parting thoughts or things that should be top of mind for investors as we think about the outlook or going forward from here?
Steve O'Neill	Yeah. Good question, Chris. I think the portfolio is fairly conservatively positioned. We've got relatively low net equity exposure net of the hedge that we have on the portfolio, call that kind of 15, 20 percent of capital in terms of our equity exposure. That's fairly low, and so I feel like the fund is risk-averse in terms of that beta factor. We do have a lot of dry powder in the portfolio coming from SPAC terminations, redemptions, kind of T-bills that are rolling back to us. And so we are in a position to take advantage of opportunities when they present themselves. It's kind of hard to forecast when those opportunities will come. One part of the market that we do like and we have been adding to is debt issued by BDCs (business development companies). I'd say we're at or close to our highest allocation to that investment opportunity since inception. And with the recent rate volatility, we've also been adding more fixed-income closed-end fund exposure to the portfolio. I'd say we were relatively underweight the opportunity coming out of January and February, but market volatility kind of in the March-April time frame has presented some opportunities for us to add closed-end funds where we feel like the distribution sustainability is fairly good, and so we like that opportunity to add more yield to the portfolio.
Chris Lakumb	Steve, can we touch on the difference between the NAV and market price returns for the quarter? Because it's a pretty significant difference in Q1 that you don't usually see.
Steve O'Neill	I think it's interesting where RIV's trading in the market today. There's been a number of days in the past few weeks where RIV's kind of been in the 9 to 10 percent discount range, which I think is really interesting, given that the portfolio that we own of closed-end funds is at wide discounts themselves. And so it's kind of a double discount out in the market today. And then I'd also add, kind of when you think about the composition of the portfolio itself, we have so much dry powder here, kind of, again, the T-bills, the short-term notes, the SPACs, that it's interesting to see a discount on those

extraordinarily liquid assets. And so from our perspective, it really is a double discount in the market today. I can't speak to why RIV is trading relatively weak, but I would point out that a lot of high-distribution closed-end funds are trading at attractive discounts in the market today. And that's really been an area of focus for us where we're targeting closed-end funds where we've got some distribution guidance or we have a house view the distribution rate is stable, because we do think that when investors kind of come back to the closed-end fund market they're going to target those higher-distribution names first. And so RIV owns a portfolio of our best ideas, and I think RIV as a stand-alone investment looks attractive at current discounts as well.

Chris Lakumb Thanks, Steve. Let's turn to the RiverNorth Core Opportunity Fund, and those ticker symbols are RNCOX and RNCIX. In the first quarter, the fund generated positive returns of 3.88% and 3.81% on the I and R share classes respectively. That compares to the 7.5% return on the S&P 500 and the 2.96% return on the Bloomberg US Aggregate Bond Index. Exposure to closed-end funds, again, both discount narrowing as well as NAV exposure, were the top contributors to performance for the quarter, while the fund's exposure to investment company debt, exchange-traded funds, and cash and Treasuries drove relative underperformance compared to the fund's benchmarks. So Steve, same questions, anything you'd like to highlight top-level with the fund positioning or opportunity set?

Steve O'Neill Yeah. So RNCOX is a fairly simple portfolio. The largest allocations we have are to closed-end funds; that's about 80% of the portfolio. We also own BDC debt in this portfolio; that's a smaller allocation at about 5%. And the balance is in T-bills and cash and short-term notes. And so this portfolio has an overweight to the closed-end fund opportunity set. I'd say kind of quarter over quarter our closed-end fund exposure has been unchanged - again, we're running on the high side of exposure in the first place - and really the only change worth noting is a larger allocation to US government bonds.

Chris Lakumb Very good. And then, again, just same high-level outlook question, kind of given the market environment, what are you thinking about or what type of opportunities may unfold here as we proceed through the year?

Steve O'Neill Yeah. I mean, I think we're really looking to continue to add income to this portfolio. The way we think about RNCOX today or RNCIX as well is that these funds are really kind of a 60/40 fixed income/equity type portfolio. And so when we can continue to improve kind of the earnings power on the fixed income side of the portfolio, that's really attractive, and so we've been targeting closed-end funds where we believe there's some sustainability to their distribution rate. And that being said, we're also cognizant of kind of the growing credit risk in the market today. And so you'll see this portfolio continue to have kind of an allocation to high-quality government bonds, but we also have been continuing to trade some of the credit-sensitive closed-end funds in the market. Again, when we think about outlook, if there's market volatility from here, I don't think we will increase our closed-end fund exposure that much more from here. Again, we're at about 80% closed-end fund exposure today. But we will continue to rotate. The way we're positioned today is that we have a fairly concentrated portfolio. The top five names in the closed-end fund book represent about 40% of our total closed-end fund portfolio. Those names are concentrated, and we're really focused on positive outcomes in those names. And I'd say the rest of the portfolio is certainly more of a trading portfolio, and so if and when we get market volatility, we'll continue to rotate into opportunities that we think present the best prospect for alpha from there. But our hope is that there's just kind of an ongoing choppiness, give us an opportunity to buy and sell. But I'd say in terms of the asset allocation, kind of going back to that 60/40 fixed income/equity, we don't really expect that to change, but we do expect kind of the bottom-up composition of how we fill those asset class buckets to change over time.

Chris Lakumb Great. Thanks, Steve. That's all we have this quarter, so appreciate you all listening in. If anyone has any follow-up questions that we can answer, you can always contact me or send an email to info@rivernorth.com. Thank you. Have a good day.

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RiverNorth Closed End Funds:

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. 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.

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. Investments in the Funds are not appropriate for all investors and is not intended to be a complete investment program. The Funds are designed as long-term investments and not as a trading vehicles. The Funds are closed-end funds and do not continuously issue shares for sale as open-end mutual funds do. Since the initial public offering, the Funds trade 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.

RiverNorth Opportunities Fund, Inc. (RIV): By investing in high yield bonds you may be subjected to greater price volatility based on fluctuations in issuer and credit quality. When investing in bonds, you are subject, but not limited to, the same interest rate, inflation and credit risks associated with the underlying bonds owned by the Fund. 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.

RiverNorth Mutual Funds:

RiverNorth Core Opportunity Fund (RNCIX/RNCOX): Borrowing Risk – borrowings increase fund expenses and are subject to repayment, possibly at inopportune times. Closed-End Fund Risk – closed-end funds are exchange traded, may trade at a discount to their net asset values and may deploy leverage. Derivatives Risk – derivatives are subject to counterparty risk. Equity Risk – equity securities may experience volatility and the value of equity securities may move in opposite directions from each other and from other equity markets generally. Convertible Security Risk – the market value of convertible securities adjusts with interest rates and the value of the underlying stock. Exchange Traded Note Risk – exchange traded notes represent unsecured debt of the issuer and may be influenced by interest rates, credit ratings of the issuer or changes in value of the reference index. Fixed Income Risk – the market value of fixed income securities adjusts with interest rates and the securities are subject to issuer default. Foreign/Emerging Market Risk – foreign securities may be subject to inefficient or volatile markets, different regulatory regimes or different tax policies. These risks may be enhanced in emerging markets. Investment Style Risk – investment strategies may come in and out of favor with investors and may underperform or outperform at times. Management Risk – there is no guarantee that the adviser's investment decisions will produce the desired results. Large Shareholder Purchase and Redemption Risk – The Fund may experience adverse effects when certain large shareholders purchase or redeem large amounts of shares of the Fund. Market Risk – economic conditions, interest rates and political events may affect the securities markets. Preferred Stock Risk – preferred stocks generally pay dividends, but may be less liquid than common stocks, have less priority than debt instruments and may be subject to redemption by the issuer. REIT Risk – the value of REITs changes with the value of the underlying properties and changes in interest rates and are subject to additional fees. Security Risk – The value of the Fund may decrease in response to the activities and financial prospects of individual securities in the Fund's portfolio. Short Sale Risk – short positions are speculative, are subject to transaction costs and are riskier than long positions in securities. Small-Cap Risk – small-cap companies are more susceptible to failure, are often thinly traded and have more volatile stock prices. Structured Notes Risk – because of the imbedded derivative feature, structured notes are subject to more risk than investing in a simple note or bond. Swap Risk – swap agreements are subject to counterparty default risk and may not perform as intended. Tax Risk – new federal or state governmental action could adversely affect the tax-exempt status of securities held by the Fund, resulting in higher tax liability for shareholders and potentially hurting Fund performance as well. Underlying Fund Risk – underlying funds have additional fees, may utilize leverage, may not correlate to an intended index and may trade at a discount to their net asset values. 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.

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