

THE RIVERNORTH GUIDE TO RIGHTS OFFERINGS

WHAT IS A RIGHTS OFFERING?

In simple terms, a rights offering is an offer which provides stockholders as of a particular date (the Record Date) the right, but not the obligation, to purchase newly issued shares at a discount to the net asset value (NAV) or market price. The discount, NAV and market price are generally based on a formula applied as of a specific date (the Termination Date). See the Prospectus Supplement or the Press Release announcing the offering for the details of its formula and key dates.

Rights Offering

An offer to existing shareholders to purchase newly-issued stock, the right to which they can usually exercise or sell on the open market.¹

WHY DO CLOSED-END FUNDS (CEFS) CONDUCT RIGHTS OFFERINGS?

Unlike open end mutual funds which can take in new capital daily, CEFs generally issue a fixed number of shares during an initial public offering (IPO) which forms the fund's capital base. After the IPO, a CEF has limited options for raising additional capital. A rights offering is one of the more popular options for raising capital in a CEF after the IPO.

WHAT ARE THE POTENTIAL BENEFITS TO STOCKHOLDERS?

The rationale for conducting the offering is generally outlined in detail in the Prospectus Supplement. In summary, there are typically three or four benefits to raising additional funds through a rights offering:

Improved Liquidity

- Increasing the number of shares outstanding may increase the secondary market liquidity for a fund (as measured by the Average Daily Volume) which may further lead to a reduction in the Bid-Ask Spread (one measure of transaction costs associated with buying and selling CEFs).

Ability to Purchase New Shares at a Favorable Price

- Rights offerings seek to reward existing Stockholders by giving them the opportunity to purchase additional shares at a price that may be below the market price and/or NAV without incurring any commission or charge.
- Additionally, investors may be able to purchase a large block of shares through a rights offering with less price impact as compared to purchasing those shares on the secondary market.

Potential Lower Expenses

- There are fixed expenses associated with operating a CEF. Increasing the asset base could drive downward pressure in the Fund's expense ratio as the operating expenses are spread over a larger asset base.

The Potential for Profiting from Market Dislocations

- Raising and deploying fresh capital during times of market stress and volatility may increase the potential for attractive risk-adjusted returns.

WHAT ARE THE OPTIONS AVAILABLE TO HOLDERS OF THE RIGHTS?

Generally holders of rights have three options:

Exercise Your Rights

- ☐ This option could actually be broken down to three separate options: Undersubscribe (Exercise some of your rights), Fully Subscribe (Exercise all of your rights), Oversubscribe (Exercise all of your rights and also agree to purchase some portion of the shares of shareholders who don't fully subscribe).

Sell Your Rights

- ☐ Generally RiverNorth rights offerings are "Transferable" which means that the rights are a separate tradable security that can be sold to someone who may be interested in acquiring some of the newly issued shares.

Do Nothing

- ☐ The rights will generally expire worthless at the end of the offering period (the "Expiration Date").

****It is important to note that RiverNorth is not able to provide investment advice and/or help an investor make this decision.****

WHO SHOULD YOU CONTACT FOR MORE INFORMATION?

First: Read the Press Release and Prospectus Supplement

Call your broker-dealer or financial advisor

Call the offering's Information Agent (contact information is provided in the Prospectus Supplement)

Call RiverNorth at 800.646.0148, Option 1 or e-mail us at CEF@rivernorth.com

HOW DO I EXERCISE MY RIGHTS?

Contact your broker-dealer where you hold the shares/rights and inquire about their process for exercising the rights. Please note that most broker-dealers have cut-off times for receiving your instructions that are at least one business day (and maybe more) prior to Expiration Date.

WHAT SHOULD I EXPECT AFTER THE CONCLUSION OF THE OFFERING?

Upon the conclusion of the offering, there are several administrative steps that need to be taken to complete the offering. It may take several business days for the newly issued shares to be reflected in your account and for the proper amount of cash to be deducted.

If you choose not to exercise your rights and they expire worthless, it may also take several business days for the expired rights to be cleared from your account.

¹Source: Investopedia

Investing involves risk and the potential loss of capital.

This piece is only intended as a high level summary and presented for informational purposes only. Investors are strongly encouraged to read the Prospectus Supplement and consult their financial advisor before making any investment decision.

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