

RIVERNORTH®

12.31.2020

Semi-Annual Report

RIVERNORTH SPECIALTY FINANCE CORPORATION
(RSF)

Investment Adviser:
RiverNorth Capital Management, LLC
325 N. LaSalle Street, Suite 645
Chicago, IL 60654



Beginning on January 1, 2021, as permitted by regulations adopted by the U.S. Securities and Exchange Commission, paper copies of the Fund's annual and semi-annual shareholder reports will no longer be sent by mail, unless you specifically request paper copies of the reports. Instead, the reports will be made available on the Fund's website at www.RiverNorth.com and you will be notified by mail each time a report is posted and provided with a website link to access the report.

You may, notwithstanding the availability of shareholder reports online, elect to receive all future shareholder reports in paper free of charge. If you invest through a financial intermediary, you can contact your financial intermediary to request that you continue to receive paper copies of your shareholder reports. If you invest directly with a Fund, you can call 1-888-848-7569 to let the Fund know you wish to continue receiving paper copies of your shareholder reports.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the Fund electronically anytime by contacting your financial intermediary (such as a broker-dealer or bank) or, if you are a direct investor, by enrolling at www.RiverNorth.com.

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WHAT IS THE FUND'S INVESTMENT STRATEGY?

The RiverNorth Specialty Finance Corporation (the "Fund") seeks a high level of current income.

The Fund seeks to achieve its investment objective by investing in credit instruments, including a portfolio of securities of specialty finance and other financial companies that the Fund's advisor, RiverNorth Capital Management, LLC, believes offer attractive opportunities for income. The Fund may invest in income-producing securities of any maturity and credit quality, including below investment grade, and equity securities, including exchange traded funds and registered closed-end funds.

HOW DID THE RIVERNORTH SPECIALTY FINANCE CORPORATION PERFORM RELATIVE TO ITS BENCHMARK DURING THE REPORTING PERIOD?**PERFORMANCE** as of December 31, 2020

TOTAL RETURN ⁽¹⁾	Cumulative			Since
	6 Months	1 Year	3 Year	Inception ⁽²⁾⁽³⁾
RiverNorth Specialty Finance Corporation - NAV ⁽⁴⁾	10.16%	0.99%	0.73%	2.28%
RiverNorth Specialty Finance Corporation - Market Price ⁽⁵⁾	18.26%	2.99% ⁽⁷⁾	-1.75% ⁽⁷⁾	0.50% ⁽⁷⁾
Bloomberg Barclays U.S. Aggregate Bond Index ⁽⁶⁾	1.29%	7.51%	5.34%	3.87%

⁽¹⁾ Total returns assume reinvestment of all distributions.

⁽²⁾ The Fund commenced operations on September 22, 2016.

⁽³⁾ Annualized.

⁽⁴⁾ Performance returns are net of management fees and other Fund expenses.

⁽⁵⁾ Market price is the value at which the Fund trades on an exchange. This market price can be more or less than its net asset value ("NAV").

⁽⁶⁾ The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of investment grade fixed-rate debt issues with maturities of at least one year. The index cannot be invested in directly and does not reflect fees and expenses.

⁽⁷⁾ The Fund began trading on the New York Stock Exchange ("NYSE") on June 12, 2019 under the ticker symbol RSF. Formerly the Fund was known as RMLPX and was purchased directly. Market price returns are a blend of the NAV return until June 11, 2019 combined with the market price return thereafter.

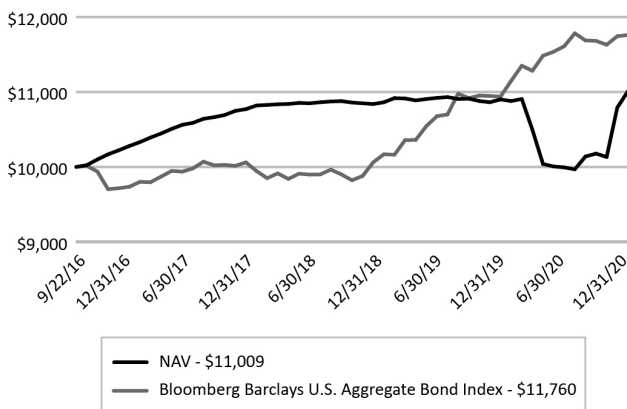
Effective as of May 22, 2020, the Fund changed its investment strategy from, under normal market conditions, investing at least 80% of its Managed Assets in marketplace lending investments to, under normal market conditions, investing directly or indirectly in credit instruments, including a portfolio of securities of specialty finance and other financial companies that the Fund's Advisor believes offer attractive opportunities for income.

The total annual expense ratio as a percentage of net assets attributable to common shares as of December 31, 2020 was 3.45% (excluding dividends to redeemable preferred stock). Including dividends to redeemable preferred stock, the expense ratio was 6.01% as of December 31, 2020.

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 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. 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. Other fees and expenses are applicable to an investment in this Fund.

GROWTH OF A HYPOTHETICAL \$10,000 INVESTMENT

The graph below illustrates the growth of a hypothetical \$10,000 investment assuming the purchase of common shares at the NAV of \$25.00 on September 22, 2016 (commencement of operations) and tracking its progress through December 31, 2020.



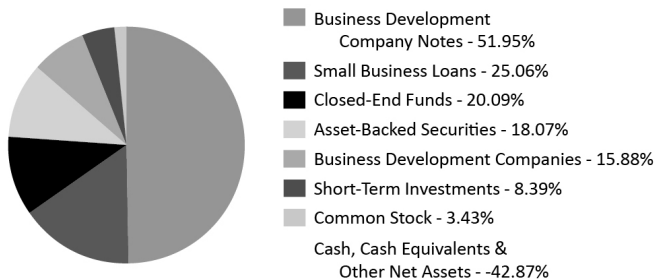
Past performance does not guarantee future results. Performance will fluctuate with changes in market conditions. Current performance may be lower or higher than the performance data shown. Performance information does not reflect the deduction of taxes that shareholders would pay on Fund distributions or the sale of Fund shares. An investment in the Fund involves risk, including loss of principal.

TOP TEN HOLDINGS* as of December 31, 2020

	% of Net Assets
Oaktree Specialty Lending Corp.	6.31%
FS KKR Capital Corp.	5.84%
MVC Capital, Inc.	5.78%
Portman Ridge Finance Corp.	5.77%
New Mountain Finance Corp.	5.73%
Apollo Investment Corp.	5.60%
Bain Capital Specialty Finance, Inc.	5.23%
Upstart Securitization Trust 2020-1	4.31%
First Eagle Alternative Capital BDC, Inc.	4.30%
BlackRock Capital Investment Corp.	3.52%
	52.40%

* Holdings are subject to change and exclude short-term investments.

ASSET ALLOCATION as of December 31, 2020[^]



[^] Holdings are subject to change.

Percentages are based on total investments of the Fund and do not include derivatives.

RiverNorth Specialty Finance Corporation

Schedule of Investments

December 31, 2020 (Unaudited)

Description	Shares	Value
CLOSED-END FUNDS (20.09%)		
AllianceBernstein Global High Income Fund, Inc.	77,730	\$ 914,882
Ares Dynamic Credit Allocation Fund, Inc.	65,871	941,297
Barings Global Short Duration High Yield Fund	110,442	1,666,569
BlackRock 2022 Global Income Opportunity Trust	45,467	411,022
BlackRock Floating Rate Income Strategies Fund, Inc.	74,054	896,794
BlackRock Floating Rate Income Trust	9,604	113,231
BlackRock Multi-Sector Income Trust	35,691	626,020
Blackstone / GSO Strategic Credit Fund	71,372	890,723
Blackstone/GSO Long-Short Credit Income Fund	50,175	673,349
BNY Mellon High Yield Strategic Fund	159,651	478,953
Eaton Vance Short Duration Diversified Income Fund	32,617	403,146
Eaton Vance, Ltd. Duration Income Fund	111,671	1,399,238
First Eagle Senior Loan Fund	109,522	1,530,022
First Trust High Income Long/Short Fund	37,784	558,070
Invesco Dynamic Credit Opportunities Fund	90,391	970,799
Invesco High Income Trust II	20,209	274,640
Invesco Senior Income Trust	352,766	1,404,009
The New America High Income Fund, Inc.	52,379	454,650
Nuveen Credit Strategies Income Fund	181,260	1,147,376
Nuveen Floating Rate Income Fund	107,895	943,002
PGIM High Yield Bond Fund, Inc.	66,006	990,090
Wells Fargo Income Opportunities Fund	83,825	684,012
Western Asset High Income Opportunity Fund, Inc.	120,894	598,425
TOTAL CLOSED-END FUNDS		
(Cost \$18,016,392)		18,970,319
BUSINESS DEVELOPMENT COMPANIES (18.17%)		
Bain Capital Specialty Finance, Inc.	237,119	2,876,253
Barings BDC, Inc.	262,939	2,419,039
First Eagle Alternative Capital BDC, Inc.	370,706	1,353,077
Golub Capital BDC, Inc.	168,402	2,381,204
Oaktree Specialty Lending Corp.	1,070,468	5,962,507
Owl Rock Capital Corp.	171,211	2,167,531
TOTAL BUSINESS DEVELOPMENT COMPANIES		
(Cost \$15,232,093)		17,159,611
COMMON STOCK (1.14%)		
New Mountain Finance Corp.	58,920	669,331
Oaktree Strategic Income Corp.	52,351	405,720
TOTAL COMMON STOCK		
(Cost \$877,441)		1,075,051

See Notes to Financial Statements.

RiverNorth Specialty Finance Corporation

Schedule of Investments

December 31, 2020 (Unaudited)

Description	Rate	Maturity Date	Principal Amount	Value
ASSET-BACKED SECURITIES (18.07%)				
<i>MarketPlace Lending Senior Notes (10.25%)</i>				
Freed ABS Trust 2020-1	2.520%	03/18/27	\$ 1,191,013	\$ 1,199,580
Marlette Funding Trust 2018-4	3.710%	12/15/28	705,383	708,245
Marlette Funding Trust 2019-1	3.440%	04/16/29	56,136	56,595
Marlette Funding Trust 2019-3	2.690%	09/17/29	60,318	60,800
Marlette Funding Trust 2019-4	2.390%	12/17/29	43,895	44,256
Marlette Funding Trust 2020-1	2.240%	03/15/30	623,870	627,793
Prosper Marketplace Issuance Trust Series 2019-3	3.190%	07/15/25	610,129	612,226
Prosper Marketplace Issuance Trust Series 2019-4	2.480%	02/17/26	48,318	48,487
Sofi Consumer Loan Program 2016-1 LLC	3.260%	07/25/21	303,108	303,665
Sofi Consumer Loan Program 2018-2 Trust	3.350%	09/25/21	63,819	64,000
SoFi Consumer Loan Program 2018-4 Trust	3.540%	10/25/21	32,395	32,557
SoFi Consumer Loan Program 2019-4 Trust	2.450%	11/25/22	1,030,050	1,040,984
SoFi Consumer Loan Program 2020-1 Trust	2.020%	01/25/23	802,078	810,670
Upstart Securitization Trust 2020-1	2.322%	04/22/30	4,042,112	4,074,924
				<u>9,684,782</u>
<i>MarketPlace Lending Residual Securities (7.82%)(a)</i>				
Prosper Marketplace Issuance Trust Series 2017-2A	0.000%	09/15/23	55,000,982	1,166,067
Prosper Marketplace Issuance Trust Series 2017-3A	0.000%	11/15/23	55,000,000	1,280,139
Prosper Marketplace Issuance Trust Series 2018-2A	0.000%	10/15/24	77,000,000	1,640,148
Prosper Marketplace Issuance Trust Series 2019-1A	0.000%	04/15/25	22,190	1,169,721
Prosper Marketplace Issuance Trust Series 2019-4A	0.000%	02/17/26	25,220	2,125,451
				<u>7,381,526</u>
TOTAL ASSET-BACKED SECURITIES				17,066,308
(Cost \$22,572,684)				

Description	Rate	Maturity Date	Principal Amount	Value
BUSINESS DEVELOPMENT COMPANY NOTES (51.95%)				
Apollo Investment Corp.	5.250%	03/03/25	\$ 5,292,895	\$ 5,283,989
Bain Capital Specialty Finance, Inc. ^(b)	8.500%	06/10/23	2,000,000	2,059,900
BlackRock Capital Investment Corp.	5.000%	06/15/22	3,348,316	3,322,856

See Notes to Financial Statements.

RiverNorth Specialty Finance Corporation

Schedule of Investments

December 31, 2020 (Unaudited)

Description	Rate	Maturity Date	Principal Amount	Value
BlackRock TCP Capital Corp.	4.625%	03/01/22	\$ 2,954,000	\$ 2,969,132
Business Development Corp. of America	4.850%	12/15/24	2,200,000	2,198,421
Capital Southwest Corp.	5.950%	12/15/22	8,992	225,699
First Eagle Alternative Capital BDC, Inc.	6.125%	10/30/23	22,669	575,434
First Eagle Alternative Capital BDC, Inc.	6.750%	12/30/22	84,400	2,132,485
FS KKR Capital Corp.	4.125%	02/01/25	2,800,000	2,916,645
FS KKR Capital Corp.	4.750%	05/15/22	2,500,000	2,601,651
FS KKR Capital Corp. II	4.250%	02/14/25	1,406,000	1,419,822
Hercules Capital, Inc.	4.375%	02/01/22	1,000,000	1,029,264
Hercules Capital, Inc.	5.250%	04/30/25	18,288	466,344
Monroe Capital Corp.	5.750%	10/31/23	21,974	553,745
MVC Capital, Inc.	6.250%	11/30/22	215,564	5,461,078
New Mountain Finance Corp.	5.750%	08/15/23	4,370,661	4,507,245
New Mountain Finance Corp.	5.750%	10/01/23	9,209	232,894
Oxford Square Capital Corp.	6.250%	04/30/26	5,409	136,036
Oxford Square Capital Corp.	6.500%	03/30/24	80,682	2,016,243
PennantPark Investment Corp.	5.500%	10/15/24	65,307	1,643,777
Portman Ridge Finance Corp.	6.125%	09/30/22	217,308	5,452,258
Stellus Capital Investment Corp.	5.750%	09/15/22	39,599	995,519
TriplePoint Venture Growth BDC Corp.	5.750%	07/15/22	28,256	712,334
WhiteHorse Finance, Inc.	6.500%	11/30/25	5,802	149,169
				<u>49,061,940</u>
TOTAL BUSINESS DEVELOPMENT COMPANY NOTES				
(Cost \$47,176,662)				49,061,940
SMALL BUSINESS LOANS (25.06%)				
Square ^{(b)(c)(d)}	5.24%	4/4/2018 - 6/28/2022	31,571,616	<u>23,668,708</u>
TOTAL SMALL BUSINESS LOANS				
(Cost \$29,192,393)				23,668,708
Description		7-Day Yield	Shares	Value
SHORT-TERM INVESTMENTS (8.39%)				
State Street Institutional Trust		0.010%	7,924,561	<u>7,924,561</u>
TOTAL SHORT-TERM INVESTMENTS				
(Cost \$7,924,561)				7,924,561
TOTAL INVESTMENTS (142.87%)				
(Cost \$140,992,226)				\$ 134,926,498
Liabilities in Excess of Other Assets (-42.87%)				(40,488,535)
NET ASSETS (100.00%)				\$ 94,437,963

See Notes to Financial Statements.

- (a) Security is the unrated subordinated (residual) class of asset-backed securities with an estimated yield based on projected future cash flows.*
- (b) Fair Valued by a third party pricing service using unobservable inputs and subject to review by the Adviser pursuant to policies approved by the Board of Directors.*
- (c) Loans are issued at discounts and do not have a stated interest rate. Rate indicated based on projected future cash flows and an implied 18-month final maturity. Actual yield and maturity is dependent on timing of future payments.*
- (d) Contains past-due loans. A loan is deemed past-due at December 31, 2020, if the loan borrower has not made its required payment as of the most recent due date. As of December 31, 2020, \$1,312,039 of whole loans were past due, which represents 1.39% of net assets.*

RiverNorth Specialty Finance Corporation

Statement of Assets and Liabilities

December 31, 2020 (Unaudited)

ASSETS:

Investments in securities:	
At cost	\$ 140,992,226
At value	\$ 134,926,498
Receivable for investments sold	147,992
Interest receivable	412,536
Dividends receivable	236,322
Prepaid and other assets	1,013
Total Assets	135,724,361

LIABILITIES:

Series A Term Preferred Stock, net of unamortized deferred offering costs (Liquidation Preference \$41,400,000)	40,559,070
Dividend payable - redeemable preferred stock	306,530
Payable for investments purchased	61,698
Payable to Adviser, net of waiver	163,580
Payable to fund accounting and administration	14,855
Payable to Transfer agency	42,302
Payable to Directors	10,937
Payable for Compliance fees	3,944
Payable for Custodian fees	15,139
Payable for Audit fees	63,528
Other payables	44,815
Total Liabilities	41,286,398
Net Assets	\$ 94,437,963

NET ASSETS CONSIST OF:

Paid-in capital	\$ 123,019,919
Total distributable earnings (accumulated deficit)	(28,581,956)
Net Assets	\$ 94,437,963

PRICING OF SHARES:

Net Assets	\$ 94,437,963
Shares of common stock outstanding (40,000,000 of shares authorized, at \$0.0001 par value per share)	5,167,599
Net asset value per share	\$ 18.28

See Notes to Financial Statements.

RiverNorth Specialty Finance Corporation

Statement of Operations

For the Six Months Ended December 31, 2020 (Unaudited)

INVESTMENT INCOME:

Interest Income	\$ 10,418,713
Dividend Income	1,583,528
Total Investment Income	12,002,241

EXPENSES:

Investment Adviser fee	852,656
Loan service fees	175,619
Amortization of preferred stock and credit facility issuance cost	110,998
Dividends to redeemable preferred stock	1,214,487
Accounting and Administration fees	75,761
Compliance expense	17,644
Transfer agent expenses	45,809
Valuation expenses	70,736
Audit expenses	63,942
Legal expenses	37,286
Custodian fees	36,970
Director expenses	70,102
Printing expenses	52,180
Insurance fee	1,228
Other expenses	60,916
Total expenses before expense reimbursement waiver	2,886,334
Expenses reimbursed by Investment Adviser	(58,893)
Recoupment of previously reimbursed expenses	19,821
Net expenses	2,847,262
Net Investment Income	9,154,979

REALIZED AND UNREALIZED GAIN/(LOSS):

Net realized gain/(loss) on:	
Investments	(7,795,164)
Net realized loss	(7,795,164)
Net change in unrealized appreciation/depreciation on:	
Investments	7,436,875
Net change in unrealized appreciation/depreciation	7,436,875
Net Realized and Unrealized Loss on Investments	(358,289)
Net Increase in Net Assets Resulting from Operations	\$ 8,796,690

See Notes to Financial Statements.

RiverNorth Specialty Finance Corporation

Statements of Changes in Net Assets

	For the Six Months Ended December 31, 2020 (Unaudited)	For the Year Ended June 30, 2020
NET INCREASE/(DECREASE) IN NET ASSETS FROM OPERATIONS:		
Net investment income	\$ 9,154,979	\$ 10,104,992
Net realized loss	(7,795,164)	(28,260,807)
Net change in unrealized appreciation/depreciation	7,436,875	7,411,487
Net increase/(decrease) in net assets resulting from operations	8,796,690	(10,744,328)
DISTRIBUTIONS TO SHAREHOLDERS:		
From distributable earnings	(4,642,830)	–
From tax return of capital	–	(15,579,982)
Net decrease in net assets from distributions to shareholders	(4,642,830)	(15,579,982)
CAPITAL SHARE TRANSACTIONS:		
Cost of shares redeemed	(10,464,982)	(51,212,572)
Net decrease in net assets from capital share transactions	(10,464,982)	(51,212,572)
Net Decrease in Net Assets	(6,311,122)	(77,536,882)
NET ASSETS:		
Beginning of period	100,749,085	178,285,967
End of period	\$ 94,437,963	\$ 100,749,085

See Notes to Financial Statements.

RiverNorth Specialty Finance Corporation

Statement of Cash Flows

For the Six Months Ended December 31, 2020 (Unaudited)

CASH FLOWS FROM OPERATING ACTIVITIES:

Net increase in net assets resulting from operations	\$	8,796,690
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:		
Purchases of investment securities		(97,494,579)
Proceeds from disposition of investment securities		79,538,758
Amortization of premium and accretion of discount on investments, net		(154,371)
Net proceeds from short-term investment securities		23,826,677
Net realized (gain)/loss on:		
Investments		7,795,164
Net change in unrealized appreciation/depreciation on:		
Investments		(7,436,875)
(Increase)/Decrease in assets:		
Interest receivable		241,449
Dividends receivable		(192,101)
Receivable for principal repayments		277,417
Prepaid and other assets		41,100
Increase/(Decrease) in liabilities:		
Decrease in interest due on loan payable		(1,680)
Payable to Adviser		62,954
Accrued loan service fee		(90,005)
Payable to fund accounting and administration fees		(37,716)
Payable for Audit fees		(204,699)
Payable for Custodian fees		(2,142)
Other payables		30,773
Net cash provided by operating activities	\$	14,996,814

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from bank borrowing	\$	110,998
Shares redeemed	\$	(10,464,982)
Cash distributions paid - net of distributions reinvested		(4,642,830)
Net cash used in financing activities	\$	(14,996,814)

Net increase in cash and restricted cash	\$	—
Cash and restricted cash, beginning of year	\$	—
Cash and restricted cash, end of year	\$	—

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:

Cash paid for interest expense and fees for line of credit	\$	1,216,167
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See Notes to Financial Statements.

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Net asset value - beginning of period

Income/(loss) from investment operations:

Net investment income^(b)

Net realized and unrealized loss

Total income/(loss) from investment operations

Less distributions:

From net investment income

From tax return of capital

Total distributions

Net increase/(decrease) in net asset value

Net asset value - end of period

Market price - end of period

Total Return^(c)

Total Return - Market Price^(c)

Supplemental Data:

Net assets, end of period (in thousands)

Ratio of expenses to average net assets excluding fee waivers, reimbursements and recoupments

Ratio of expenses to average net assets including fee waivers, reimbursements and recoupments^(b)

Ratio of net investment income to average net assets excluding fee waivers, reimbursements and recoupments

Ratio of net investment income to average net assets including fee waivers, reimbursements and recoupments

Portfolio turnover rate

Payable for preferred stock, end of period (in thousands)

Asset coverage per \$1,000 of preferred stock^(h)

Asset coverage per \$1,000 of facility loan⁽ⁱ⁾

See Notes to Financial Statements.

RiverNorth Specialty Finance Corporation

Financial Highlights

For a share outstanding throughout the periods presented

	For the Six Months Ended December 31, 2020 (Unaudited)	For the Year Ended June 30, 2020	For the Year Ended June 30, 2019	For the Year Ended June 30, 2018	Period from September 22, 2016 ^(a) through June 30, 2017
\$	17.45	\$ 21.45	\$ 23.29	\$ 25.15	\$ 25.00
	1.71	1.56	2.69	3.12	2.32
	(0.01)	(3.22)	(2.54)	(2.46)	(0.93)
	1.70	(1.66)	0.15	0.66	1.39
	(0.87)	–	(1.22)	(2.52)	(1.24)
	–	(2.34)	(0.77)	–	–
	(0.87)	(2.34)	(1.99)	(2.52)	(1.24)
	0.83	(4.00)	(1.84)	(1.86)	0.15
\$	18.28	\$ 17.45	\$ 21.45	\$ 23.29	\$ 25.15
\$	16.59	\$ 14.85	\$ 20.40	\$ –	\$ –
	10.89% ^(d)	(8.43%)	0.66%	2.72%	5.67% ^(d)
	18.26% ^(d)	(16.84%)	(4.26%)	2.72%	5.67% ^{(d)(e)}
\$	94,438	\$ 100,749	\$ 178,286	\$ 260,320	\$ 98,111
	6.09% ^(f)	6.74%	5.60%	5.06%	6.98% ^(f)
	6.01% ^(f)	6.37%	5.65%	4.96%	2.97% ^(f)
	19.25% ^(f)	7.50%	11.93%	12.34%	7.86% ^(f)
	19.33% ^(f)	7.86%	11.99%	12.85%	11.87% ^(f)
	50% ^(d)	66%	47%	62%	63% ^(d)
\$	41,400	\$ 41,400	\$ 41,400	\$ 41,400	\$ –
	3,289	3,411	5,306	4,407	–
	–	–	–	9,621	–

See Notes to Financial Statements.

- (a) Commencement of operations.*
- (b) Based on average shares outstanding during the period.*
- (c) Total investment return is calculated assuming a purchase of common shares at the opening on the first day and a sale at closing on the last day of each period reported. For purposes of this calculation, dividends and distributions, if any, are assumed to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions, if any. Periods less than one year are not annualized.*
- (d) Not annualized.*
- (e) For periods prior to the Fund's listing on the New York Stock Exchange, NAV returns are disclosed.*
- (f) Annualized.*
- (g) Ratio includes leverage expenses and loan service fees of 2.56%, 3.80%, 3.26%, 2.65%, and 1.02%, respectively, that are outside the expense limit.*
- (h) Represents value of total assets less all liabilities and indebtedness not represented by credit facility borrowings and preferred stock at the end of the period divided by credit facility borrowings and preferred stock outstanding at the end of the period.*
- (i) Calculated by subtracting the Fund's total liabilities (excluding the debt balance and accumulated unpaid interest) from the Fund's total assets and dividing by the outstanding debt balance.*

1. ORGANIZATION

RiverNorth Specialty Finance Corporation (the “Fund”) (formerly known as RiverNorth Marketplace Lending Corporation) was organized as a Maryland corporation on June 9, 2015, and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a non-diversified closed-end management investment company. The investment adviser to the Fund is RiverNorth Capital Management, LLC (the “Adviser”).

The Fund is operated as an interval fund under Rule 23c-3 of the 1940 Act. As an interval fund, the Fund has adopted a fundamental policy to conduct quarterly repurchase offers for at least 5% and up to 25% of the outstanding shares at NAV, subject to certain conditions. The Fund will not otherwise be required to repurchase or redeem shares at the option of a shareholder. It is possible that a repurchase offer may be oversubscribed, in which case shareholders may only have a portion of their shares repurchased.

Effective as of June 12, 2019, the Fund listed its common shares on the New York Stock Exchange (the “NYSE”) under the ticker symbol “RSF” and has ceased continuously offering shares of its common stock through Quasar Distributors, LLC or the Fund.

The investment objective of the Fund is to seek a high level of current income. Under normal market conditions, the Fund seeks to achieve its investment objective by investing in credit instruments, including a portfolio of securities of specialty finance and other financial companies that the Adviser believes offer attractive opportunities for income.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed by the Fund in preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Fund is an investment company and, accordingly, follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board Accounting Standards Codification Topic 946.

Use of Estimates: The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. The Fund believes that these estimates utilized in preparing the financial statements are reasonable and prudent; however, actual results could differ from these estimates. In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

Federal Income Taxes: The Fund intends to elect to be treated as, and to qualify each year for special tax treatment afforded to, a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (“IRC”). In order to qualify as a RIC, the Fund must, among other things, satisfy income, asset diversification and distribution requirements. As long as it so qualifies, the Fund will not be subject to U.S. federal income tax to the extent that it distributes

annually its investment company taxable income (which includes ordinary income and the excess of net short-term capital gain over net long-term capital loss) and its "net capital gain" (i.e., the excess of net long-term capital gain over net short-term capital loss). The Fund intends to distribute at least annually substantially all of such income and gain. If the Fund retains any investment company taxable income or net capital gain, it will be subject to U.S. federal income tax on the retained amount at regular corporate tax rates. In addition, if the Fund fails to qualify as a RIC for any taxable year, it will be subject to U.S. federal income tax on all of its income and gains at regular corporate tax rates.

Security Valuation: The Fund's investments are valued at fair value as further described in Note 3.

Distributions to Shareholders: Distributions to shareholders, which are determined in accordance with income tax regulations, are recorded on the ex-dividend date. The treatment for financial reporting purposes of distributions made to shareholders during the year from net investment income or net realized capital gains may differ from their ultimate treatment for federal income tax purposes. These differences are caused primarily by differences in the timing or character of recognition of certain components of income, expense or realized capital gain for federal income tax purposes. Where such differences are permanent in nature, they are reclassified in the components of the net assets based on their ultimate characterization for federal income tax purposes. Any such reclassification has no effect on net assets, results of operations or net asset values per share of the Fund.

Investment Income: Interest income is recognized on an accrual basis to the extent that such amounts are expected to be collected and include amortization/ accretion of premiums or discounts. Interest income from investments in residual asset-backed securities is recognized on the basis of the estimated effective yield to expected redemptions utilizing assumed cash flows in accordance with ASC Sub-Topic 325-40, Beneficial Interests in Securitized Financial Assets. The Adviser monitors the expected cash flows from its residual asset-backed securities and the effective yield is determined and updated periodically.

Investment Transactions: Investment transactions are recorded on the trade date.

3. SECURITIES VALUATION AND FAIR VALUE MEASUREMENTS

Fair value is defined as the price that the Fund might reasonably expect to receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market for the investment. U.S. GAAP establishes a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes.

Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including using such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the

assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below.

Level 1 – Unadjusted quoted prices in active markets for identical, unrestricted assets or liabilities that the Fund has the ability to access at the measurement date;

Level 2 – Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and

Level 3 – Significant unobservable prices or inputs (including the Fund's own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Marketplace loans, as an asset class, are not presently traded on a developed secondary market. Therefore, market quotations are not available. Accordingly, all marketplace loans are fair valued as determined in good faith by the Adviser pursuant to policies and procedures approved by the Board of Directors (the "Board") and subject to the Board's oversight. The Fund utilizes a third party valuation specialist to provide marketplace loan valuations. The third party valuation specialist provides daily valuations on all marketplace loans. A discounted cash flow model is used by the third party valuation specialist to arrive at a value for each marketplace loan held in the Fund's portfolio. Discounted cash flow is a valuation technique that provides an estimation of the fair value of an asset based on expectations about cash flows that a marketplace loan would generate over time. In general, the primary inputs of fair value in the marketplace loan valuation model are expected future default rates, prepayment rates, and the discount rate applied. An increase (decrease) to the default rate or discount rate would result in a decrease (increase) of fair values and an increase to prepayment rates would result in an increase of fair values. A discounted cash flow model begins with an estimation of periodic cash flows expected to be generated over a discrete period of time (generally the time remaining until maturity of the loan). The estimated cash flows for each interval period (generally monthly) are then converted to their present value equivalent using a rate of return appropriate for the risk of achieving projected cash flows. Although not exhaustive, discounted cash flow models factor in borrower level data. Loans made to small businesses may incorporate different factors.

The Board will initially and periodically review the methodology used in determining the values of marketplace loans. The Board will further consider how changes in the markets may affect the factors utilized in the models and the frequency of reevaluation.

The value of asset-backed securities is determined by the forecasted performance of the underlying loans in the pool; this forecasted performance takes into account the realized historical loss and prepayment performance of the pool to date. The priority of the securitization class and the claim on cash flow in the transaction is also taken into account. The classes of asset-backed securities the Fund holds are residual classes, which would be adversely effected by deterioration in credit performance of the loan pool.

Equity securities, including business development companies and business development company notes, are generally valued by using market quotations, but may be valued on the basis of prices furnished by a pricing service when the Adviser believes such prices more accurately reflect the fair market value of such securities. Securities that are traded on any stock exchange are generally valued by the pricing service at the last quoted sale price. Lacking a last sale price, an exchange traded security is generally valued by the pricing service at its mean price. Securities traded in the NASDAQ over-the-counter market are generally valued by the pricing service at the NASDAQ Official Closing Price.

The following is a summary of the inputs used at December 31, 2020 in valuing the Fund's assets and liabilities:

Investments in Securities at Value	Level 1 - Quoted Prices	Level 2 - Other Significant Observable Inputs	Level 3 - Significant Unobservable Inputs	Total
Closed-End Funds	\$ 18,970,319	\$ -	\$ -	\$ 18,970,319
Business Development Companies	14,992,080	-	-	14,992,080
Common Stock	3,242,583	-	-	3,242,583
Asset-Backed Securities Business Development Company Notes	-	17,066,308	-	17,066,308
Whole Loans	47,002,040	-	2,059,900	49,061,940
Short-Term Investments	\$ -	\$ -	\$ 23,668,707	\$ 23,668,707
Total	\$ 92,131,583	\$ 17,066,308	\$ 25,728,607	\$ 134,926,498

The changes of the fair value of investments for which the Fund has used Level 3 inputs to determine the fair value are as follows:

Asset Type	Balance as of June 30, 2020	Realized Gain/(Loss)	Change in Unrealized Appreciation/Depreciation	Purchases	Sales, Principal Paydowns and Return of Capital	Transfer into Level 3	Transfer Out of Level 3	Balance as of December 31, 2020	Net change in unrealized appreciation/ (depreciation) included in the Statements of Operations attributable to Level 3 investments held at December 31, 2020
Whole Loans	\$47,486,433	\$(1,980,611)	\$ (144,629)	\$37,019,416	\$(58,711,902)	\$ -	\$ -	\$23,668,707	\$ 1,264,389
Business Development Company Notes	-	-	-	-	-	2,059,900	-	2,059,900	-
	\$47,486,433	\$(1,980,611)	\$ (144,629)	\$37,019,416	\$(58,711,902)	\$ 2,059,900	\$ -	\$25,728,607	\$ 1,264,389

The table below provides additional information about the Level 3 Fair Value Measurements as of December 31, 2020:

Quantitative Information about Level 3 Fair Value Measurements

Asset Class	Fair Value (USD)	Valuation Technique	Unobservable Inputs ^(a)	Value/Range (Weighted Average)
Whole Loans	\$23,668,707	Discounted Cash Flow	Loss-Adjusted Discount Rate	2.69%-34.04% (17.74%)
			Projected Loss Rate	0.00%-100.00% (21.92%)
Business Development Company Notes	\$2,059,900	Comparable Analysis	Comparable Spreads	700-850 bps

^(a) A change to the unobservable input may result in a significant change to the value of the investment as follows:

Unobservable Inputs	Impact to Value if Input Increases	Impact to Value if Input Decreases
Loss-Adjusted Discount Rate	Decrease	Increase
Projected Loss Rate	Decrease	Increase
Comparable Spreads	Decrease	Increase

4. ADVISORY FEES, DIRECTOR FEES AND OTHER AGREEMENTS

For its services under the Investment Advisory Agreement, the Fund pays the Adviser a monthly management fee computed at the annual rate of 1.25% of the average monthly Managed Assets "Managed Assets" means the total assets of the Fund, including assets attributable to leverage,

minus liabilities (other than debt representing leverage and any preferred stock that may be outstanding). In addition to the monthly advisory fee, the Fund pays all other costs and expenses of its operations, including, but not limited to, compensation of its directors (other than those affiliated with the Adviser), custodial expenses, transfer agency and dividend disbursing expenses, legal fees, expenses of independent auditors, expenses of repurchasing shares, expenses of any leverage, expenses of preparing, printing and distributing prospectuses, shareholder reports, notices, proxy statements and reports to governmental agencies, and taxes, if any. In addition, the Adviser has agreed to waive or reimburse expenses of the Fund (other than brokerage fees and commissions; loan servicing fees; borrowing costs such as (i) interest and (ii) dividends on securities sold short; taxes; indirect expenses incurred by the underlying funds in which the Fund may invest; the cost of leverage; and extraordinary expenses) to the extent necessary to limit the Fund's total annual operating expenses at 1.95% of the average daily Managed Assets for that period through October 28, 2021. The Adviser may recover from the Fund expenses reimbursed for three years after the date of the payment or waiver if the Fund's operating expenses, including the recovered expenses, falls below the expense cap. For the period ended December 31, 2020, the Adviser recouped \$19,821 of previously reimbursed expenses. These amounts represent expenses waived due to the expense cap. In future periods, the Adviser may recoup fees as follows:

Remaining Amount to be Recouped ⁽¹⁾ (Expiring by June 30, 2021)	Remaining Amount to be Recouped ⁽¹⁾ (Expiring by June 30, 2022)	Remaining Amount to be Recouped ⁽¹⁾ (Expiring by June 30, 2023)	Remaining Amount to be Recouped ⁽¹⁾ (Expiring by December 31, 2023)	Total
\$1,000,254	\$201,416	\$466,167	\$58,893	\$1,726,730

⁽¹⁾ Amounts to be recouped are in accordance with the expense limitation agreement, and will not cause the Fund's total operating expense ratio (excluding loan service fees and leverage costs set forth in the agreement) to exceed 1.95% of the average daily Managed Assets during the year.

Effective November 2, 2020, ALPS Fund Services, Inc. ("ALPS") began providing the Fund with fund administration and fund accounting services. As compensation for its services to the Fund, ALPS receives an annual fee based on the Fund's average daily net assets, subject to certain minimums. Prior to November 2, 2020, U.S. Bancorp Fund Services, LLC, d/b/a U.S. Bank Global Fund Services provided fund administration, fund accounting, and custodial services to the Fund.

State Street Bank & Trust, Co. and Millennium Trust Company serve as the Fund's custodians.

DST Systems, Inc. ("DST"), the parent company of ALPS, serves as the Transfer Agent to the Fund. Under the Transfer Agency Agreement, DST is responsible for maintaining all shareholder records of the Fund. DST is a wholly-owned subsidiary of SS&C Technologies Holdings, Inc. ("SS&C"), a publicly traded company listed on the NASDAQ Global Select Market.

The Fund pays no salaries or compensation to its officers or to any interested Director affiliated with the Adviser, and the Fund has no employees. For their services, the Directors of the Fund who are not affiliated with the Adviser, receive an annual retainer in the amount of \$16,500, and an additional \$1,500 for attending each quarterly meeting of the Board. In addition, the lead Independent Director receives \$250 annually, the Chair of the Audit Committee receives \$500

annually and the Chair of the Nominating and Corporate Governance Committee receives \$250 annually. The Directors not affiliated with the Adviser are also reimbursed for all reasonable out-of-pocket expenses relating to attendance at meetings of the Board.

The Chief Compliance Officer (“CCO”) of the Fund is an employee of the Adviser. The Fund reimburses the Adviser for certain compliance costs related to the Fund, including a portion of the CCO’s compensation.

5. FEDERAL INCOME TAXES

It is the Fund’s policy to meet the requirements of the IRC applicable to regulated investment companies, and to distribute all of its taxable net income to its shareholders. In addition, the Fund intends to pay distributions as required to avoid imposition of excise tax. Therefore, no federal income tax provision is required.

Tax Basis of Distributions to Shareholders: The character of distributions made during the period from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes. Also, due to the timing of dividend distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or realized gains were recorded by the Fund.

The amounts and characteristics of tax basis distributions and composition of distributable earnings/(accumulated losses) are finalized at fiscal year-end and are not available for the six months ended December 31, 2020.

The tax character of the distributions paid by the Fund during the fiscal year ended June 30, 2020, was as follows:

	June 30, 2020	
Ordinary Income	\$	15,579,982
Total	\$	15,579,982

Unrealized Appreciation and Depreciation on Investments: As of December 31, 2020, net unrealized appreciation/(depreciation) of investments based on federal tax costs was as follows:

Fund	Gross Appreciation (excess of value over tax)	Gross Depreciation (excess of tax cost over value)	Net Unrealized Appreciation/ (Depreciation)	Cost of Investments for Income Tax Purposes
RiverNorth Specialty Finance Corporation	\$ 5,324,826	\$ (11,410,464)	\$ (6,085,638)	\$ 141,012,136

The difference between book and tax basis unrealized appreciation/(depreciation) for the Fund is primarily attributable to wash sales.

The Fund recognizes the tax benefits of uncertain tax positions only where the position is “more likely than not” to be sustained assuming examination by tax authorities. Management has analyzed the Fund’s tax positions, and has concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions taken on U.S. tax returns and state tax returns filed since inception of the Fund. No income tax returns are currently under examination. All tax years since commencement of operations remain subject to examination by the tax authorities in the United States. The Fund is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

6. PRIME BROKERAGE AGREEMENT

On November 11, 2020, the Fund entered into a prime brokerage agreement for margin financing with Pershing LLC (“Credit Agreement”). The Credit Agreement permits the Fund to borrow funds that are collateralized by assets held in a special custody account held at State Street Bank pursuant to a Special Custody and Pledge Agreement. Borrowings under this arrangement bears interest at the overnight bank funding rate plus 75 basis points for an overnight time. During the six months ended December 31, 2020, the Fund did not borrow under this Credit Agreement.

7. INVESTMENT TRANSACTIONS

Investment transactions for the six months ended December 31, 2020, excluding short-term investments, were as follows:

Fund	Purchases of Securities	Proceeds from Sales of Securities
RiverNorth Specialty Finance Corporation	\$ 96,255,923	\$ 55,799,943

8. REDEEMABLE PREFERRED STOCK

At December 31, 2020, the Fund had issued and outstanding 1,656,000 shares of Series A Preferred Stock, listed under trading symbol RMPL on the NYSE, with a par value of \$0.0001 per share and a liquidation preference of \$25.00 per share plus accrued and unpaid dividends (whether or not declared). The Fund issued 1,440,000 and 216,000 shares of Series A Preferred Stock on October 25, 2017 and October 30, 2017, respectively. The Series A Preferred Stock is entitled to a dividend at a rate of 5.875% per year based on the \$25.00 liquidation preference before the common stock is entitled to receive any dividends. The Series A Preferred Stock is redeemable at \$25.00 per share plus accrued and unpaid dividends (whether or not declared) exclusively at the Fund’s option commencing on October 31, 2020. Issuance costs related to Series A Preferred Stock of \$1,558,000 are deferred and amortized over the period the Series A Preferred Stock is outstanding.

Series	Mandatory Redemption Date	Fixed Rate	Shares Outstanding	Aggregate Liquidation Preference	Estimated Fair Value
Series A	October 31, 2024	5.875%	1,656,000	\$41,400,000	\$42,066,209

9. INDEMNIFICATIONS

Under the Fund's organizational documents, its officers and Directors are indemnified against certain liabilities arising out of the performance of their duties to the Fund. Additionally, in the normal course of business, the Fund enters into contracts with service providers that may contain general indemnification clauses. The Fund's maximum exposure under those arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred.

10. REPURCHASE OFFERS

Shares repurchased through quarterly tender offers during the period from July 1, 2019 through December 31, 2020 were as follows:

Repurchase Offer Date	Cash Payment Date	NAV on Repurchase Pricing Date	Percentage of Outstanding Shares the Fund Repurchased	Amount of Shares the Fund Repurchased	Percentage of Shares Tendered to Outstanding Shares	Number of Shares Tendered
Fiscal Year Ended 2020						
September 10, 2019	October 10, 2019	\$20.72	5.00% ^(a)	349,075	62.36%	4,353,899
December 9, 2019	January 9, 2020	\$20.17	5.00% ^(a)	330,914	66.36%	4,392,405
March 9, 2020	April 9, 2020	\$18.18	5.00% ^(a)	306,639	79.41%	4,875,396
June 8, 2020	July 9, 2020	\$17.42	5.00% ^(a)	288,741	74.06%	4,276,657
Fiscal Year Ended 2021						
September 14, 2020	October 15, 2020	\$17.43	5.00% ^(a)	273,138	81.90%	4,474,028

^(a) If shareholders tender for repurchase more than five percent (5%) of the outstanding shares of the Fund, the Fund may, but is not required to, repurchase up to an additional two percent (2%).

For information regarding the repurchase offer with a repurchase offer date of December 7, 2020, see Note 14.

11. STOCK BUY BACK PROGRAM

In accordance with Section 23(c) of the 1940 Act, the Fund may from time to time repurchase shares of the Fund in the open market at the option of the Board of Directors and upon such terms as the Directors shall determine. For the period ended December 31, 2020, the Fund repurchased 45,164 (0.87% of the shares outstanding at December 31, 2020) of its shares for a total cost of \$ 673,415 at an average discount of 14.19% of net asset value.

12. CAPITAL SHARE TRANSACTIONS

	December 31, 2020	June 30, 2020
Shares Sold	-	-
Shares issued to holders in reinvestment of dividends	-	-
Shares repurchased from Stock Buy Back	(45,164)	(303,046)
Shares repurchased from Repurchase Offer	(561,879)	(2,233,289)
Net increase (decrease) in shares	(607,043)	(2,536,335)
Shares outstanding:		
Common shares outstanding-beginning of period	5,774,642	8,310,977
Common shares outstanding-end of period	5,167,599	5,774,642

13. CORONAVIRUS (COVID-19) PANDEMIC

A recent outbreak of respiratory disease caused by a novel coronavirus was first detected in December 2019 and has spread internationally. The outbreak and efforts to contain its spread have resulted in closing borders and quarantines, restricting international and domestic travel, enhanced health screenings, cancellations, disrupted supply chains and customer activity, responses by businesses (including changes to operations and reducing staff), and have produced general concern and uncertainty. The impact of the coronavirus pandemic, and other epidemics and pandemics that may arise in the future could adversely affect national and global economies, individual companies and the market in general in a manner and for a period of time that cannot be foreseen at the present time and may adversely affect the value, volatility and liquidity of dividend and interest paying securities. In the event of a pandemic or an outbreak, there can be no assurance that the Fund and its service providers will be able to maintain normal business operations for an extended period of time or will not lose the services of key personnel on a temporary or long-term basis due to illness or other reasons, and could otherwise disrupt the ability of the Fund's service providers to perform essential services. Certain economic and market conditions arising out of a pandemic or outbreak could result in a Fund's inability to achieve its investment objectives, cause the postponement of reconstitution or rebalance dates for benchmark indices, adversely affect the prices and liquidity of the securities and other instruments in which a Fund invests, negatively impact a Fund's performance, and cause losses on your investment in a Fund. Management is monitoring the development of the pandemic, which was ongoing as of the date of the financial statements, and is evaluating its impact on the financial position and operating results of the Fund.

14. SUBSEQUENT EVENTS

On December 7, 2020, the Fund issued a repurchase offer. On January 7, 2021, 258,135 shares were repurchased based on a NAV per share of \$18.33 at January 6, 2021.

Through February 26, 2020 (the date the financial statements were issued), the Fund repurchased 38,745 of its common shares (0.75% of its common shares outstanding at December 31, 2020) for a total cost of \$664,056 at a weighted average discount of 7.63% of net asset value.

On January 21, 2021, the Board declared a Series A Preferred Stock cash dividend in the amount of \$0.3672 per share, payable on February 16, 2021 to preferred shareholders of record on February 2, 2021 with an ex date of February 1, 2021.

The Fund has performed an evaluation of subsequent events through the date the financial statements were issued and has determined that no additional items require recognition or disclosure.

The Fund has a dividend reinvestment plan commonly referred to as an “opt-out” plan. Unless the registered owner (“Shareholder”) of shares of common stock (“Shares”) elects to receive cash by contacting DST Systems, Inc. (the “Plan Administrator”), all dividends declared on Shares will be automatically reinvested in additional Shares by the Plan Administrator for Shareholders in the Fund’s Plan. Such reinvested amounts are included in the Fund’s Managed Assets and, therefore, the fees paid under the Management Fee and will be higher than if such amounts had not been reinvested. Shareholders who elect not to participate in the Plan will receive all dividends and other distributions in cash paid by check mailed directly to the Shareholder of record (or, if the Shares are held in street or other nominee name, then to such nominee) by the Plan Administrator as dividend disbursing agent. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared dividend or other distribution. Such notice will be effective with respect to a particular dividend or other distribution (together, a “Dividend”). Some brokers may automatically elect to receive cash on behalf of Shareholders and may re-invest that cash in additional Shares.

The Plan Administrator will open an account for each Shareholder under the Plan in the same name in which such Shareholder’s Shares are registered. Whenever the Fund declares a Distribution payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in Shares. The Shares will be acquired by the Plan Administrator for the participants’ accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized Shares from the Fund (“Newly Issued Common Shares”) or (ii) by purchase of outstanding Shares on the open market (“Open-Market Purchases”) on the NYSE or elsewhere. If, on the payment date for any dividend, the closing market price plus estimated brokerage commissions per share is equal to or greater than the NAV per share, the Plan Administrator will invest the dividend amount in newly issued shares. The number of newly issued shares to be credited to each participant’s account will be determined by dividing the dollar amount of the dividend by the Fund’s NAV per share on the payment date. If, on the payment date for any dividend, the NAV per share is greater than the closing market value plus estimated brokerage commissions (i.e., the Fund’s shares are trading at a discount), the Plan Administrator will invest the dividend amount in shares acquired in open-market purchases.

In the event of a market discount on the payment date for any dividend, the Plan Administrator will have until the last business day before the next date on which the shares trade on an “ex-dividend” basis or 30 days after the payment date for such dividend, whichever is sooner, to invest the dividend amount in shares acquired in open-market purchases. If, before the Plan Administrator has completed its open-market purchases, the market price per share exceeds the NAV per share, the average per share purchase price paid by the Plan Administrator may exceed the NAV of the shares, resulting in the acquisition of fewer shares than if the dividend had been paid in newly issued shares on the dividend payment date. Because of the foregoing difficulty with respect to open-market purchases, the Plan provides that if the Plan Administrator is unable to invest the full dividend amount in open-market purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making open-market purchases and may invest the uninvested portion of the dividend amount in newly issued shares at the NAV per share at the close of business on the last purchase date.

The Plan Administrator maintains all Shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by Shareholders for tax records. Shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each Shareholder proxy will include those Shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for Shares held under the Plan in accordance with the instructions of the participants.

Beneficial owners of Shares who hold their Shares in the name of a broker or nominee should contact the broker or nominee to determine whether and how they may participate in the Plan. In the case of Shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Administrator will administer the Plan on the basis of the number of Shares certified from time to time by the record Shareholder's name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to Shares issued directly by the Fund. The automatic reinvestment of Dividends will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such Dividends. Shareholders who receive distributions in the form of Shares generally are subject to the same U.S. federal, state and local tax consequences as Shareholders who elect to receive their distributions in cash and, for this purpose, Shareholders receiving distributions in the form of Shares will generally be treated as receiving distributions equal to the fair market value of the Shares received through the plan; however, since their cash distributions will be reinvested, those Shareholders will not receive cash with which to pay any applicable taxes on reinvested distributions. Participants that request a sale of Shares through the Plan Administrator are subject to brokerage commissions.

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants. All correspondence or questions concerning the Plan should be directed to the Plan Administrator at (844) 569-4750.

PROXY VOTING GUIDELINES

A description of the policies and procedures that the Fund used to determine how to vote proxies relating to portfolio securities and information regarding how the Fund voted proxies during the most recent 12-month period ended June 30, are available without charge upon request by (1) calling the Fund at (888) 848-7569 and (2) from Form N-PX filed by the Fund with the SEC on the SEC's website at www.sec.gov.

PORTFOLIO HOLDINGS DISCLOSURE POLICY

The Fund files a complete schedule of investments with the SEC for the first and third quarter of the fiscal year on Part F of Form N-PORT. The Fund's first and third fiscal quarters end on September 30 and March 31. The Form N-PORT filing must be filed within 60 days of the end of the quarter. The Fund's Form N-PORT are available on the SEC's website at www.sec.gov. You may also obtain copies by calling the Fund at 1-888-848-7569.

STOCKHOLDER MEETING RESULTS

On October 15, 2020, the Fund held a Meeting of Stockholders to consider the proposal set forth below. The following votes were recorded:

Election of Patrick W. Galley as a Director of the Fund to a three-year term to expire at the Fund's 2023 Annual Meeting of Stockholders or until his successor is duly elected and qualified.

	Shares Voted	% of Shares Voted
For	3,686,849	71.97%
Withheld	1,436,197	28.03%
Total	5,123,046	100.00%

Election of Jerry R. Raio as a Director of the Fund to a three-year term to expire at the Fund's 2023 Annual Meeting of Stockholders or until his successor is duly elected and qualified.

	Shares Voted	% of Shares Voted
For	3,662,648	71.49%
Withheld	1,460,398	28.51%
Total	5,123,046	100.00%

Consideration of the Management Agreement

At a meeting (the “Meeting”) of the Board held on November 11, 2020 and called expressly for that purpose, the Board, including a majority of the Directors who are not “interested persons” (as defined in the 1940 Act (the “Independent Directors”)), considered the renewal of the Management Agreement between the Adviser and the Fund.¹ In its consideration of the Management Agreement, the Board considered information and materials furnished by the Adviser in advance of and at the Meeting and was afforded the opportunity to request additional information and to ask questions of the Adviser to obtain information that it believed to be reasonably necessary to evaluate the terms of the Management Agreement. The Board received materials compiled by the Adviser and the Fund’s administrator including a copy of the Management Agreement, the Adviser’s response to a questionnaire regarding the Adviser’s profitability, management and operations, a copy of the Adviser’s Form ADV, and certifications regarding the Adviser’s compliance programs. The Board considered the following factors, among others, in reaching its determination to renew the Management Agreement: (i) the investment performance of the Fund and the investment performance of the Adviser, (ii) the nature, extent and quality of the services provided by the Adviser to the Fund, (iii) the experience and qualifications of the personnel providing such services (iv) the costs of the services provided and the profits to be realized by the Adviser and any of its affiliates from the relationship with the Fund, (v) the extent to which economies of scale will be realized by the Fund as it grows, and (vi) whether the Fund’s fee levels reflected the economies of scale to the benefit of the Fund’s shareholders.

The Directors relied upon the advice of independent legal counsel and their own business judgment in determining the material factors to be considered in evaluating the Management Agreement and the weight to be given to each such factor. The Directors’ conclusions were based on an evaluation of all of the information provided and were not the result of any one factor. Moreover, each Director may have afforded different weight to the various factors in reaching conclusions with respect to the Management Agreement. Although not meant to be all-inclusive, the following discussion summarizes the factors considered and conclusions reached by the Directors at the Meeting, including during an executive session with their independent legal counsel, in determining to renew the Management Agreement.

Performance, Fees and Expenses

The Board reviewed the performance of the Fund for the three months, one-year, and three-year periods ended September 30, 2020. These returns were compared to the returns of 10 closed-end funds in FUSE Research Network, LLC’s (“FUSE”) Opportunistic Credit fund peer group. The Board noted in its review of the performance that the Fund’s performance for the 3 month, one-year and three-year periods were below the median for its peer group. The Board noted that FUSE chose the Fund’s peers by selecting “Opportunistic Credit” funds; however, it was noted that the peer group was not an exact representation of peers of the Fund. The Directors noted that it was difficult to find an accurate peer group for the Fund given its unique investment strategy. The Directors also reviewed the Fund’s performance relative to other funds managed by the Adviser. In consideration of each item noted, the Board agreed that the Fund’s performance was adequate.

As to the comparative fee and expenses, the Directors considered the management and the other fees paid by the Fund and compared those to the management and other fees paid by funds in the relative peer group determined by FUSE and the Opportunistic Credit fund universe. The Board noted that the Fund’s annual net expense ratio ranked tenth out of eleven in the peer group and was higher than the median.

The Board also noted that the annual gross management fee for the Fund was above the median paid by the peer funds but within the range of the fees paid by the peer funds. The Directors also reviewed the Fund's fees relative to other funds managed by the Adviser. The Board, including the Independent Directors, determined that the fees were reasonable given the unique characteristics of the Fund's investment strategy, the capabilities of the Adviser, and the nature of the services provided to the Fund.

Nature, Extent and Quality of Services

As to the nature, extent and quality of the services to be provided by the Adviser to the Fund, the Board considered that, under the terms of the Management Agreement, the Adviser would, subject to the supervision of the Board, provide or arrange to be provided to the Fund such investment advice as the Adviser, in its discretion, deems advisable and will furnish or arrange to be furnished a continuous investment program for the Fund consistent with the Fund's investment objective and policies. The Board reviewed the Adviser's Form ADV, which was previously provided to the Board and that provided details regarding the experience of each of the Adviser's personnel. The Adviser also provided additional information regarding its experience managing other investment accounts. Based on the foregoing information, the Board, including the Independent Directors concluded that the Adviser had provided quality services and would continue to do so for the Fund.

Profitability and Other Benefits

As to the cost of the services to be provided and to the profits to be realized by the Adviser, the Board reviewed the Adviser's estimates of its profitability and its financial condition. The Board reviewed the Adviser's financial statements and noted the Adviser's financial condition is stable as income from its asset management operations have contributed to higher revenues for the Adviser. It was noted that when launching a closed-end fund, such as the Fund, RiverNorth covers the underwriting costs, which is a significant investment. The Board acknowledged that the Adviser's management fees were comparable to those charged to other mutual funds to which the Adviser provides advisory or sub-advisory services. The Board, including the Independent Directors, determined that the Management Agreement, with respect to the Fund was not overly profitable to the Adviser, and the financial condition of the Adviser was adequate.

The Board noted that the Adviser has no affiliations with the Fund's transfer agent, fund accountant, custodian, or distributor and therefore does not derive any benefits from the relationships these parties may have with the Fund.

Conclusion

Having requested and received such information from the Adviser as the Board believed to be reasonably necessary to evaluate the terms of the Management Agreement, and as assisted by the advice of independent counsel, the Board, including the Independent Directors, concluded that renewal of the Management Agreement was in the best interests of the Fund and its shareholders.

¹ Pursuant to relief granted by the U.S. Securities and Exchange Commission (the "SEC") in light of the COVID-19 pandemic (the "Relief") and a determination by the Board that reliance on the Relief was appropriate due to circumstances related to the current and potential effects of COVID-19, the Meeting was held telephonically.

Board of Directors

Patrick W. Galley, CFA, Chairman

John K. Carter

John S. Oakes

J. Wayne Hutchens

David M. Swanson

Jerry R. Raio

Investment Adviser

RiverNorth Capital Management, LLC

Fund Administrator

ALPS Fund Services, Inc.

Transfer Agent and

Dividend Disbursing Agent

DST Systems, Inc.

Custodians

State Street Bank and Trust Company

Millennium Trust Company

Independent Registered

Public Accounting Firm

KPMG LLP

RIVERNORTH®

RiverNorth Capital Management, LLC

325 N. LaSalle Street, Suite 645

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Secondary market support provided to the Fund by ALPS Fund Services, Inc.'s affiliate ALPS Distributors, Inc., a FINRA member.

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