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# ABCs of Interval Funds

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AICA's Interval Fund Winter Manager Spotlight

**December 8<sup>th</sup> & 9<sup>th</sup> 2021**

[www.AICalliance.org](http://www.AICalliance.org)

# Listed BDC/CEF Universe

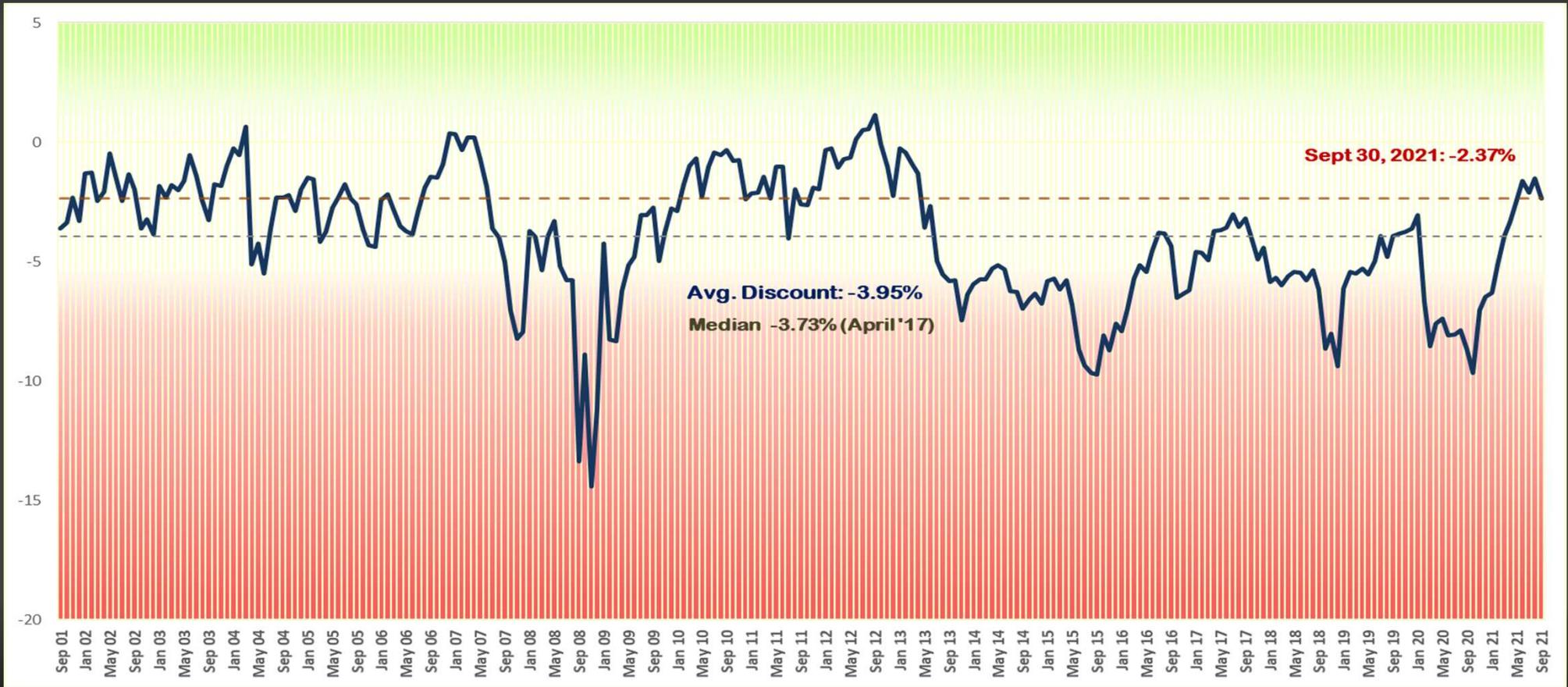


	# of Funds	Total Net Assets	Premium / Discount	Market Yield	NAV Beta (2yr)	Duration	Leverage	Non Lev Expense Ratio	Average Net Assets
<b>Equity Funds</b>	193	\$139,557	-4.83%	6.58%	1.06		12.96%	1.40	\$723
<b>Taxable Bond</b>	148	\$67,098	-0.86%	7.34%	0.44	3.8	25.02%	1.52	\$453
<b>Municipal Bond</b>	125	\$69,963	-0.35%	4.16%	0.29	8.8	31.85%	1.00	\$560
<b>BDCs</b>	45	\$49,800	-2.11%	7.73%	1.46		44.09%	6.75	\$1,107
<b>Total CEFs</b>	<b>511</b>	<b>\$326,419</b>	<b>-2.35%</b>	<b>6.31%</b>	<b>0.73</b>	<b>6.2</b>	<b>23.82%</b>	<b>1.81</b>	<b>\$639</b>
<b>Municipal Bond</b>	125	\$69,963	-0.35%	4.16%	0.29	8.8	31.85%	1.00	\$560
<b>World Stock</b>	42	\$14,377	-9.16%	6.60%	0.96		8.03%	1.47	\$342
<b>Debt Focused BDC</b>	41	\$49,160	0.85%	8.42%	1.54		48.03%	6.78	\$1,199
<b>High Yield Bond</b>	33	\$12,565	-1.70%	7.28%	0.46	3.37	22.64%	1.31	\$381
<b>US Stock</b>	30	\$32,628	-6.23%	6.41%	0.91		7.56%	1.39	\$1,088
<b>Multisector Bonds</b>	26	\$21,745	0.67%	7.90%	0.32	4.38	27.70%	1.43	\$836
<b>Covered Call</b>	25	\$23,286	-1.04%	7.04%	0.86		2.09%	1.08	\$931
<b>Senior Loan</b>	25	\$9,355	-2.95%	6.63%	0.34	1.07	31.23%	1.78	\$374
<b>Hybrid / Balanced</b>	18	\$11,818	-2.73%	7.78%	0.94	3.3	17.32%	1.51	\$657
<b>MLP Funds</b>	18	\$5,029	-15.33%	6.66%	2.01		22.35%	1.89	\$279
<b>Preferred Equity</b>	17	\$12,206	3.22%	6.50%	0.78	3.7	31.89%	1.24	\$718
<b>International Bond</b>	14	\$7,018	-0.55%	8.39%	0.46	4.49	21.50%	1.56	\$501
<b>Investment Grade Bond</b>	12	\$3,818	3.13%	5.69%	0.37	5.7	20.19%	1.00	\$318
<b>Convertible Bond</b>	10	\$5,502	-4.96%	7.03%	0.98	2.40	27.53%	1.32	\$550
<b>REIT Funds</b>	9	\$6,554	-5.77%	6.97%	1.15		21.09%	1.35	\$728

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Source: CEFData.com 9/30/2021

# Listed CEF Discount History



## Interval Funds Inception History

- 5 Funds have a 10+ year track record
- 17 Funds have a 5-year to 10-year track record
- 23 Funds have a 3-year to 5-year track record
- 17 Funds have a 1-year to 3-year track record
- 5 Funds have less than a 1-year track record

Source: CEFData.com December 6, 2021

## Interval Funds vs Listed CEFs - Key Points

- Can be 80% Private / Illiquid Investments vs 15% for ETFs and OEFs
- Dividends tend to follow net investment income; listed CEFs commonly have managed or level distributions
- Investors / Advisors essentially swap daily liquidity with CEFs for lower price volatility
- Minimum investment amounts can be misleading
- Leverage use is less common and usually in a lower % than listed CEFs.
- Needs to be approved by custodian (pro-rata tender main issue)

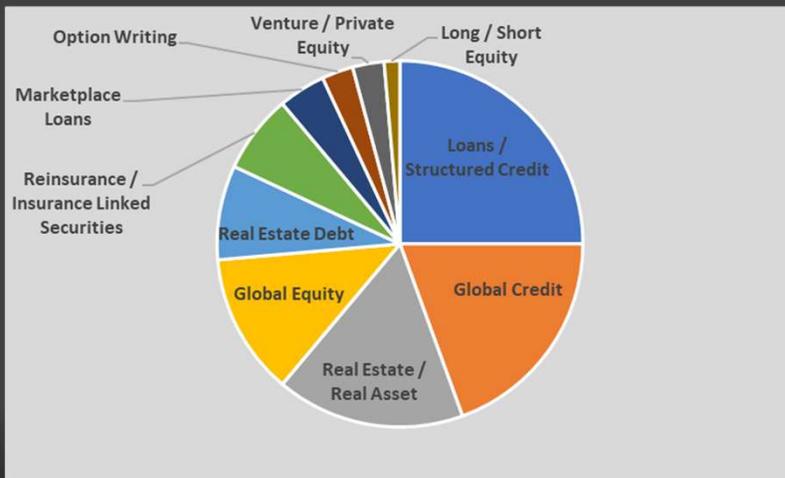
# Interval Closed-Ended Fund (iCEFs)

Interval funds (iCEFs) are growing in popularity as an alternative investment vehicle. Many interval funds can be seen as the best of both worlds. iCEFs had a slow start, the second iCEF wasn't created until 2001 and the third fund formed in 2005.

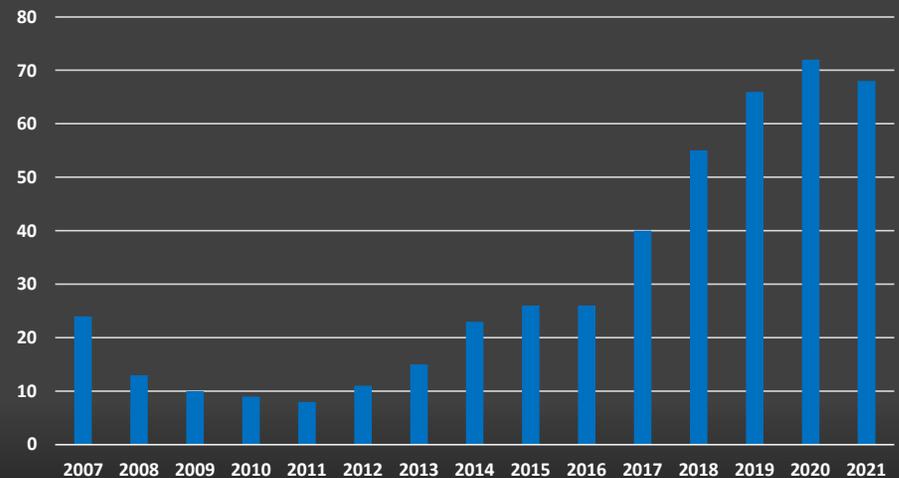
The structure is a small (0.1%) portion of the overall multitrillion dollar fund industry. However, iCEFs are growing assets quickly he past decade, with 69 current funds with a combined \$61.2 B in gross AUM as of 12/06/21 (increase of \$10+ Billion year-to-date). CEFDData.com also tracks another type of non-listed CEFs: Tender Offer Funds. As of 12/06/21, there were 83 Tender Offer Funds with \$51.7 Billion in AUM (increase of \$10+ Billion Year-to-date).

This compares to CEF/BDC listed gross AUM of \$404 billion in 504 funds according to CEFDData.com (12/6/2021).

Interval Funds By Asset Type



Interval Funds By Year



Source: CEFDData.com 12/6/2021

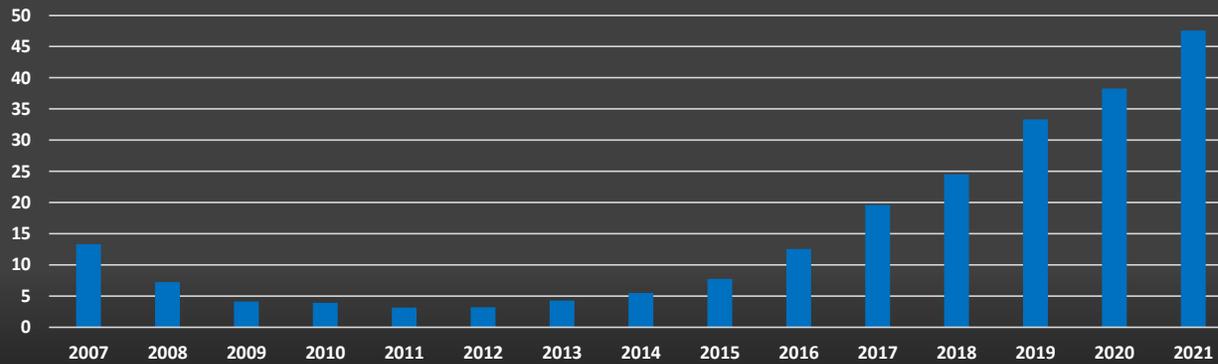
# Interval Closed-Ended Fund (iCEFs)



iFunds - New and Ceased



iFunds - Net Assets (\$B)



Source: CEFData.com 12/6/2021

# Interval Funds vs. Peer Traditional Listed CEFs NAVigator Podcast Source Data



Interval Fund Profiles / Fund Screener at: <https://aicalliance.org/cef-universe/fund-screener/>

Data as Of 4/20/20 CEFData.com												
Ticker	Name	Sponsor	Sector	Leverage	Yield	Div Freq	Expense Ratio	1 Year NAV St Dev	NAV Beta Vs S&P 500	3 Mo NAV TR	YTD NAV TR	1 Year NAV TR
PFLEX	PIMCO Flexible Credit Income Fund	PIMCO	Taxable Bond	36.9%	9.2%	Q	4.52%	11.3	0.30	-19.16%	-17.36%	-15.90%
PCI	PIMCO Dynamic Credit & Mortgage Income Fund	PIMCO	Taxable Bond	47.5%	12.4%	M	4.33%	13.4	0.38	-25.72%	-24.69%	-20.00%
	ICEF vs Listed CEF Difference			-22.3%	-26.0%		4.4%	-16.0%	-21.1%	6.6%	7.3%	4.1%
CADUX	Cion Ares Diversified Credit Fund	CION / Ares	Taxable Bond	17.7%	6.4%	M	3.57%	7.7	0.13	-13.36%	-12.73%	-8.06%
ARDC	Ares Dynamic Credit Allocation Fund	Ares	Taxable Bond	32.0%	11.0%	M	3.36%	18.8	0.29	-23.52%	-22.53%	-17.44%
	ICEF vs Listed CEF Difference			-44.7%	-41.9%		6.3%	-59.2%	-55.2%	10.2%	9.8%	9.4%
BGFLX	Blackstone GSO Floating Rate Enhanced Income Fund	Blackstone / GSO	Taxable Bond	30.4%	7.3%	M	2.94%	13.1	0.32	-15.41%	-14.35%	-7.81%
BGB	Blackstone / GSO Strategic Credit Fund	Blackstone / GSO	Taxable Bond	37.08%	11.35%	M	3.97%	11.7	0.36	-19.34%	-18.79%	-15.16%
	ICEF vs Listed CEF Difference			-18.0%	-35.7%		-25.9%	12.1%	-11.1%	3.9%	4.4%	7.4%
CREDX	BlackRock Credit Strategies Fund	BlackRock	Taxable Bond	12.4%	6.1%	M	1.47%	12.0	0.57	-10.87%	-10.26%	7.41%
BIT	BlackRock Multi-Sector Income Trust	BlackRock	Taxable Bond	42.5%	11.4%	M	2.89%	16.4	0.58	-12.41%	-11.60%	-12.30%
	ICEF vs Listed CEF Difference			-70.8%	-46.4%		-49.1%	-26.8%	-1.7%	1.5%	1.3%	19.7%
	<b>Average ICEF</b>			<b>24.4%</b>	<b>7.3%</b>		<b>3.1%</b>	<b>11.01</b>	<b>0.33</b>	<b>-14.7%</b>	<b>-13.7%</b>	<b>-6.1%</b>
	<b>Average Listed CEF</b>			<b>39.8%</b>	<b>11.5%</b>		<b>3.6%</b>	<b>15.08</b>	<b>0.40</b>	<b>-20.2%</b>	<b>-19.4%</b>	<b>-16.2%</b>
	<b>Average Difference</b>			<b>-39.0%</b>	<b>-37.5%</b>		<b>-16.1%</b>	<b>-22.5%</b>	<b>-22.3%</b>	<b>5.5%</b>	<b>5.7%</b>	<b>10.1%</b>
Difference Data	Leverage, Yield, Expense Ratio, 1 Year NAV St Dev and NAV Beta to S&P500 is a relative % of the ICEF - Listed CEF divided by listed CEF			NAV TR is the relative difference of the listed CEF minus the ICEF								

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# Recent Active iCEFs (launched since 12/6/2019)



Fund Name	Structure	Major Group	Sub-Group	Sponsor	Inception	Min Inv	Lev(%)	Managed Assets(M)	Av Net Exp Ratio	Div Freq
<a href="#">Nuveen Enhanced High Yield Municipal Bond Fund</a>	Interval	Equity	Global Equity	Nuveen	2021-06-30	2,500	15.0	61.0	1.58	M
<a href="#">Forum CRE Income Fund</a>	Tender Offer	Bond	Real Estate Debt	Forum Capital	2021-04-16	-	0.0	51.7	2.57	Q
<a href="#">Delaware Wilshire Private Markets Fund</a>	Tender Offer	Equity	Venture / Private Equity	Wilshire	2021-03-31	25,000	0.0	21.1	5.45	Q
<a href="#">BlackRock Private Investments Fund</a>	Tender Offer	Equity	Venture / Private Equity	BlackRock Advisors	2021-03-01	25,000	0.0	49.7	2.69	A
<a href="#">AFA Multi-Manager Credit Fund</a>	Interval	Bond	Global Credit	Alternative Fund	2021-02-04	25,000				Q
<a href="#">Cliffwater Enhanced Lending Fund</a>	Interval	Bond	Marketplace Loans	Cliffwater	2021-01-29	10,000,000				Q
<a href="#">Bow River Capital Evergreen Fund</a>	Interval	Equity	Venture / Private Equity	Bow River	2020-12-28	50,000	0.0	152.8	2.25	Q
<a href="#">Fundrise Real Estate Interval Fund</a>	Interval	Equity	Real Estate / Real Asset	Fundrise	2020-12-18	1,000	0.0	272.0	0.00	Q
<a href="#">Hamilton Lane Private Assets Fund</a>	Tender Offer	Equity	Venture / Private Equity	Hamilton	2020-12-16	50,000	0.0	160.8	5.28	A
<a href="#">NB Crossroads Private Markets Access Fund LLC</a>	Tender Offer	Equity	Venture / Private Equity	Neuberger Berman	2020-12-15	50,000	0.0	212.0	0.76	
<a href="#">Trinity Capital Inc.</a>	Tender Offer	Bond	BDC - Debt	Trinity Capital	2020-10-20	-	32.6	636.0	11.70	Q
<a href="#">Blackstone Private Credit Fund</a>	Tender Offer	Bond	BDC - Debt	BlackRock	2020-10-05	2,500	15.8	6,866.8	2.00	M
<a href="#">CPG Cooper Square International Equity</a>	Tender Offer	Equity	Global Equity	Central Park	2020-10-02	50,000	0.0	60.0	3.61	A
<a href="#">Conversus StepStone Private Markets</a>	Tender Offer	Equity	Venture / Private Equity	StepStone	2020-09-21	50,000	17.3	105.8	6.89	Q
<a href="#">First Eagle Credit Opportunities Fund</a>	Interval	Bond	Global Credit	FEIM	2020-09-15	2,500	0.0	153.2	3.36	M
<a href="#">Arca U.S. Treasury Fund</a>	Interval	Bond	Global Credit	Arca Capital	2020-07-06	1,000	0.0	0.1	0.75	Q
<a href="#">KKR Real Estate Select Trust Inc.</a>	Tender Offer	Equity	Real Estate / Real Asset	KKR Registered	2020-07-02	10,000	9.2	188.7	0.50	M
<a href="#">Flat Rock Core Income Fund</a>	Interval	Bond	Loans / Structured Credit	Flat Rock	2020-06-17	1,000	22.4	110.4	5.03	A
<a href="#">CIM Real Assets &amp; Credit Fund</a>	Interval	Equity	Real Estate / Real Asset	CIM Capital	2020-05-04	2,500	0.0	33.8	1.19	M
<a href="#">YieldStreet Prism Fund</a>	Tender Offer	Bond	Global Credit	YieldStreet	2020-03-09	20,000	0.0	75.1	1.16	Q
<a href="#">KKR CREDIT OPPORTUNITIES PORTFOLIO</a>	Interval	Bond	Global Credit	KKR Credit	2020-02-28	10,000	14.1	475.6	2.11	M
<a href="#">AlphaCentric Prime Meridian Income Fund</a>	Interval	Bond	Marketplace Loans	AlphaCentric	2019-12-31	10,000	0.0	4.7	2.47	Q
<a href="#">Stone Ridge Residential Real Estate Income Fund I</a>	Interval	Equity	Real Estate / Real Asset	Stone Ridge	2019-12-12	15,000,000				A
<a href="#">Pioneer Securitized Income Fund</a>	Interval	Bond	Loans / Structured Credit	Amundi Pioneer	2019-12-09	1,000,000	0.0	20.7	2.06	M