

AICA Panelists Praise CEF Structure's Flexibility Amid IPO Paralysis

Against the backdrop of efforts by Bluerock¹ to publicly list its real estate-focused interval fund, fund sponsors and other private market investment professionals at a conference in New York City last month touted the ability of traditional, listed closed-end funds (CEF) to simplify fund management and withstand abrupt market headwinds.

Kimberly Ann Flynn, President of Chicago-based XA Investments and a leading proponent of interval funds, went so far as to tell the annual gathering of Active Investment Company Alliance (AICA) members and followers that “the listed closed-end fund structure is a superior

structure for liquidity, for transparency, and for trading.”

While predicting more conversions like Bluerock’s in the future, Flynn also suggested the phenomenon may take flight because it provides a pathway for the CEF structure to reach public markets outside of traditional IPOs. The big questions, she said, are around “the timing of the decision” and “ambition in terms of how much capital you want to raise.”

Those comments came at AICA’s 2025 Fall Roundtable, a gathering of fund sponsors, portfolio managers, research analysts, financial advisors, and institutional investors, now in its seventh year. Flynn was part of a panel exploring the future of interval funds, a type of SEC-registered, closed-end fund that are generally not traded on a public exchange.

Noting that, combined, there are now over 300 interval and tender-offer funds currently on the market, with more on the way, Flynn said the product glut is beginning to create due diligence challenges for advisors and that investor frustration is rising. “You’re going to continue to hear much about it in 2026,” she said.

Interval funds continued to grow their market presence in the third quarter of 2025, with most of the exposure in credit and real estate. As of September 30, 2025,

there were 142 non-listed interval funds with \$135 billion in total AUM, according to CEFDATA.com².

Navigating Illiquidity

Few solutions for the CEF industry's IPO woes were floated at the November 19, 2025, event. But much was made of [closed-end funds](#)' potential to manage most everything else — especially in the hands of nimble-but-active fund managers.

[Chris Janus](#), a Managing Director and Portfolio Manager for the [Brookfield Real Assets Income Fund \(RA\)](#), a taxable bond CEF, said the structure is ideal for housing illiquid strategies, noting that it allows his team to let structured credit investments "play out over time and not always be worried that you could potentially get called away from that trade."

The structure's flexibility also allows the RA team to "prudently use leverage" to manage risk and take advantage of emerging opportunities, Janus added.

[Josh Duitz](#), Head of Global Income and Listed Infrastructure at Aberdeen — and manager of the [abrdn Global Infrastructure Income Fund \(ASGI\)](#) — said the CEF structure allows for options beyond leverage, which he said "increases the volatility of returns" for infrastructure investments. While CEFs are known for being highly levered, team

ASGI uses it for diversification. "We believe in diversification across investments, across sectors, across regions ... so no one single asset will blow up the fund," Duitz said. He also said diversification through CEFs can also help manage interest rate and regulation flare-ups.

[Axel Merk](#), President of Merk Investments, said diversification is key for operating in the very niche market that he's in, namely gold and gold mining. Merk Investments manages the [ASA Gold and Precious Metals Limited](#), a closed-end precious metals and mining fund.

Noting that "large mining companies are too big for the space to grow," Merk said his team also invests downstream to smaller junior minors and explores strategies that "you cannot do in an open-end product because of the limited liquidity."

The closed-end fund structure is uniquely suited for an investment strategy where long-term investing with very patient capital is very helpful," he added.

Managing Cash Flow

David Tepper, President of Tepper Capital Management, an independent advisory firm specializing in CEFs, lauded CEFs for their ability to insulate portfolio managers from the "burden" of managing cash flows in and out of a fund.

A well-run closed-end fund can provide capital appreciation over time without having to resort to leverage to generate yield, he said. Unlike with mutual funds, “the manager is not forced to buy more shares … when the money’s pouring in, and the manager is also not forced to liquidate stocks that he likes … to meet redemptions.”

Suggesting there’s more to CEFs than strategy and calculus, Kim Flynn of XA Investments challenged fund managers in the space to invest more in innovation, if only to improve the industry’s recent shoddy IPO track record. (There hasn’t been a traditional CEF IPO in the last few years.)

“I think that access to something that’s unique or differentiated has not really been a calling card for the listed closed-end fund market,” the interval fund champion said. “But it will need to be going forward if we’re going to see more closed-end funds come to market.”

References

¹“Bluerock Announces Shareholder Approval of Key Proposal in Connection with the Listing of the Bluerock Total Income+ Real Estate Fund on the New York Stock Exchange,” [Bluerock](#), September 25, 2025.

²“Closed-End Fund Discounts Widen Again in Q3,” [AICA](#), October 30, 2025.

Disclosure: The opinions of the speakers / presenters are their own opinions and may not be the opinions of AICA. Listed closed-end funds and business development companies trade on exchanges at prices that may be above or below their NAVs. There is no guarantee that an investor can sell shares at a price greater than or equal to the purchase price, or that a CEF’s or BDCs discount will narrow or be eliminated. Non-listed closed-end funds and business development companies do not offer investors daily liquidity but rather on a quarterly or semi-annual basis, often on a small percentage of share. CEFs often use leverage, which can increase a fund’s risk or volatility. The actual amount of distributions may vary with fund performance and other conditions. Past performance is no guarantee for future results.