BNY | INVESTMENTS

EXPLORING CLOSED-END FUNDS

Closed-end funds are investment vehicles with a unique structure that can offer certain advantages relative to open-end mutual funds and exchange-traded funds (ETFs). At BNY Investments, we believe closed-end funds can provide important benefits to investors, including the potential for consistent income, diversification and professional management.

CLOSED-END FUNDS DEFINED

Closed-end funds (CEFs) are diversified pools of assets that are professionally managed to pursue investment objectives including income generation and long-term growth. After an initial public offering (IPO) of a fixed number of shares, CEFs trade on the open market throughout the day. Investors can buy or sell CEF shares at the current market price, which may be different from the value of the underlying assets held by the fund, known as net asset value (NAV).

Unlike open-end funds and ETFs, which create and redeem shares whenever investors buy or sell them, the number of shares in a CEF remains constant. This gives CEF portfolio managers the flexibility to pursue strategies such as leverage and invest in specialized areas of the market that may offer the potential for higher returns and enhanced income.

Total assets invested in traditional CEFs:

$249B

Source: Investment Company Institute, Research Perspective, “The Closed-End Fund Market, 2023.”

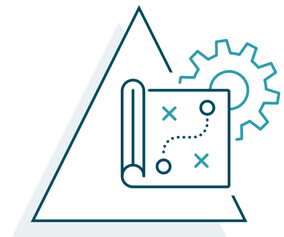
UNDERSTANDING CLOSED-END FUNDS

Trade like a stock

Because closed-end funds are generally traded on an exchange, investors have some control over the timing and price of their orders. In contrast, open-end fund shares are bought and sold once a day, after the market has closed. CEF shares are bought and sold through a brokerage firm, and investors may pay a commission for each trade. ETF shares also trade throughout the day through a broker.

Trade at a premium or discount

The market price for CEF shares may be higher or lower than the NAV. This is known as trading at a premium or a discount. When a CEF trades at a discount, it enables investors to own a pool of securities at a lower price than they are worth. While ETF shares trade on the market, they tend to do so at a price that is close to their NAV, rather than at a discount. There is no guarantee, however, that a fund will trade at a discount.



Pursue sophisticated strategies

The stable asset base of CEFs allows portfolio managers to put all the money to work in pursuit of their investment goals. CEFs don't have to hold some of the assets in cash to meet redemptions, as open-end funds do. In addition, they are not forced to invest inflows of new money, as ETFs and open-end funds are. This consistency makes it possible for CEFs to invest in derivatives and less liquid holdings, and to use leverage to increase the fund's return potential. However, these types of securities may pose higher risk.

COMMON CLOSED-END FUND TERMS

Net asset value (NAV): The value of a fund's assets, minus its liabilities, divided by the total number of fund shares.

Market price: The price at which CEF shares trade after the IPO. It is based on supply and demand, and may be lower or higher than the fund's NAV.

Premium: A fund whose current market price is higher than its NAV is said to be trading at a premium.

Discount: A fund whose current market price is lower than its NAV is said to be trading at a discount.

Leverage: Borrowing money against the value of the CEF portfolio to put more money to work in an effort to increase potential yield and performance. Leverage also increases the potential impact of a loss.

Distribution rate: The annual income paid to CEF shareholders, expressed as a percentage of the fund's NAV. Distributions can be composed of equity dividends, bond interest payments, realized capital gains and return of capital, among other factors.

No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

THE POTENTIAL BENEFITS OF CLOSED-END FUNDS

1 Potential for discounted access to shares

When CEFs trade at a discount to NAV, investors are able to buy assets for less than they're worth. In our view, this can increase the yield of the fund relative to the amount of money invested. It can also enhance performance if the discount narrows when the investor sells the shares. As shown in the example on the right, buying CEFs at a discount can potentially increase yield. There is no guarantee, however, that a fund will trade at a discount.

BUYING CEFs AT A DISCOUNT MAY INCREASE YOUR YIELD*

In this example, we assume an income of **$1 per year.** Here, the market price of $17 is less than the fund's NAV of $20, so buying at a discount may increase the yield:

NAV	$20 →	5% Yield
Market price	$17 →	5.8% Yield based on actual dollars invested

* Example provided for illustrative purposes and is not indicative of the past or future performance of any product.

2 Efficient portfolio management

A fixed pool of assets lets CEF managers stay fully invested for the long term. CEF managers are never forced to sell securities in a falling market to meet redemptions — and they don't have to invest new money coming in at unattractive prices.

3 The ability to use leverage

Many CEFs have multiple ways to increase the size of their investments and put more money to work in pursuit of higher yields and superior performance. While some ETFs also offer leverage, they have fewer tools at their disposal to enhance yields in this way. It's important to note that not all CEFs use leverage and it also increases the potential to magnify a loss.

4 Seeks to provide consistent income

CEFs generally distribute an equal amount of income per period which may include investment income, capital gains or a return of capital. For investors who seek current income, this offers predictability and the ability to better manage their cash flows.

5 Intraday liquidity

CEFs trade like a stock throughout the day, while open-end fund shares only trade once a day at the market close. Intraday trading allows investors to buy and sell CEF shares on their timetable and access their assets. Liquidity however, is dependent upon the market and there is no guarantee that a market may exist to purchase or sell shares. Buying or selling CEF shares on an exchange may require the payment of brokerage commissions.

COMPARING CLOSED-END FUNDS TO OPEN-END FUNDS & ETFs

FEATURE	CLOSED-END FUNDS	OPEN-END FUNDS	EXCHANGE- TRADED FUNDS
Professionally managed	✓	✓	✓
Diversified*	✓	✓	✓
Trades throughout the day on an exchange	✓	✗	✓
All purchases and sales are processed at the market close (4:00pm EST**)	✗	✓	✗
Trades based on net asset value	✗	✓	✗
Trades based on market price	✓	✗	✓
Ability to achieve leverage by issuing debt and preferred shares	✓	✗	✗
Ability to control price and timing of your order	✓	✗	✓
Fixed number of shares	✓	✗	✗

* Diversification is a strategy of investing across a wide variety of asset classes to reduce risk exposure.
** EST=Eastern Standard Time.

LEARN MORE

To learn more about how closed-end funds can help you pursue your goals for income and growth, contact your financial professional.

All investments involve risk, including the possible loss of principal. Certain investments involve greater or unique risks that should be considered along with the objectives, fees, and expenses before investing. The use of leverage may magnify the portfolio's gains or losses.

Risks

Closed-end fund shares (CEFs) are not deposits or obligations of, or guaranteed by, any bank and are not insured by the Federal Deposit Insurance Corporation (FDIC) or any other agency. CEFs are subject to investment risk, including possible loss of principal amount invested. An investment in the fund may be speculative and it involves a high degree of risk. No assurance can be given that a fund will achieve its investment objective. An investment in CEFs presents a number of risks and is not appropriate for all investors. Investors should carefully review and consider potential risks before investing.

Changes in interest rate levels can directly impact income generated by a CEF. Funds that have a portfolio with a significant allocation to fixed income assets, like bonds, may be more exposed to this type of risk as interest rates change. Asset allocation and diversification cannot assure a profit or protect against loss.

Shares of closed-end funds (CEF) are generally sold in the open market through a stock exchange. Shares may only be purchased or sold through registered broker/dealers. Closed-end funds, unlike open-end funds, are typically not continuously offered. An investment in CEFs presents a number of risks and is not appropriate for all investors. Investors should carefully review and consider potential risks before investing. Closed End Funds (CEFs) are exposed to much of the same risk as other exchange-traded products, including liquidity risk on the secondary market, credit risk, concentration risk and discount risk. Shares of closed-end funds frequently trade at a market price that is below their net asset value. This is commonly referred to as "trading at a discount." This characteristic of shares of closed-end funds is a risk separate and distinct from the risk that the fund's net asset value may decrease.

Asset class comparisons such as comparing Closed End Funds to Open End Funds and ETFs have limitations because different asset classes may have characteristics that materially differ from each other including investment strategy, portfolio holdings and expenses, which may or may not include fee waivers. Because of these differences, comparisons should not be relied upon solely as a measure when evaluating a fund.

Tax consequences of dividend or capital gain distributions may vary by individual taxpayer. There is no guarantee that dividends will be paid. You should not draw any conclusions about the fund's investment performance from the amount of the fund's distributions. Trading CEFs will also generate tax consequences and transaction expenses. This information is general in nature and is not intended to constitute tax advice. Please consult your own legal or tax advisor for more detailed information on tax issues and advice as they relate to your specific situation.