

Closed-End Fund Market Insights

BlackRock®

March 2024

CEF Market Update¹

- Closed-end funds (“CEFs”) were up across almost all major categories in Q1 2024
- Positive investor sentiment and strong US growth propelled CEFs returns
- CEFs are still trading near their widest discounts levels in the last 10-years, but have narrowed across all asset classes since the end of Q4 2023

Market overview

Closed-end funds (“CEFs”) were up across most major categories in Q1 2024, with the median CEF in the universe up 1.9% on net asset value (“NAV”) and up 4.7% on market price. CEF discounts narrowed by 240bps over the first quarter of 2024, and currently trade at a median discount of -9.0%, 200bps wider than their 10-year median of -7.0%. After elevated tax-loss selling in the fourth quarter of 2023, CEF’s reversed course as overall market sentiment improved, which led to positive returns across categories.

¹“CEF” is represented by the median value of all listed CEFs in the “CEF Category Snapshot” table below. All performance and performance-related commentary in the document is referencing March 2024. **Past performance is not indicative of future results. You cannot invest directly in an index.**

CEF Category Snapshot

Category ¹	Current Premium/Discount	Premium/Discount QoQ Change	Distribution Rate (MP)	Total Return			
				March 2024 (NAV)	March 2024 (MP)	YTD 2024 (NAV)	YTD 2024 (MP)
Municipal State	-12.0%	+2.2%	4.8%	-0.2%	1.0%	-0.5%	2.6%
Municipal National	-10.9%	+2.5%	5.2%	0.1%	1.2%	0.1%	3.0%
Allocation	-10.6%	+1.4%	9.2%	3.2%	3.7%	4.3%	7.6%
Sector Equity	-10.0%	+2.5%	8.9%	3.7%	4.3%	3.2%	7.4%
Covered Call	-9.1%	-1.2%	8.8%	2.5%	3.1%	7.2%	6.9%
High Yield	-6.6%	+2.5%	9.6%	1.3%	1.4%	1.8%	5.7%
Investment Grade	-6.2%	+1.4%	7.9%	1.4%	2.1%	0.4%	2.6%
Preferreds	-6.2%	+5.0%	7.9%	2.0%	2.4%	5.3%	8.9%
Senior Loans	-2.5%	+2.6%	11.4%	1.1%	1.8%	2.7%	7.2%
Multi-Sector Bond	1.4%	+4.8%	11.4%	1.5%	2.0%	3.7%	6.4%
Median²	-9.0%	+2.6%	7.5%	1.2%	2.0%	1.9%	4.7%

Source: Morningstar as of 4/1/2024. (MP) – Market Price. QoQ – Quarter over Quarter. “Current Premium/Discount” is the median of each category as of 3/31/2024. QoQ change is the absolute difference between the median discount for each category on December 29, 2023, and March 28, 2024. **Past performance is not indicative of future results.** Returns are shown net of advisory fees paid by the fund and net of the fund’s operating fees and expenses. Distribution rate is calculated by annualizing the fund’s latest declared regular distribution and dividing that number by the fund’s market price as of the stated date. Closed-end fund distributions may be derived from various sources of a fund’s return, including interest, dividends, capital gains and potentially return of capital – the composition and tax treatment will vary for each fund depending on its underlying holdings and portfolio turnover.

¹Closed-end fund categories are represented by the medians of certain Morningstar Closed-end Fund (CEF) Classifications. Allocation is represented by the US Allocation, Global Allocation and US Convertibles classification; Multi-Sector Bond is represented by the Multi-Sector classification; Municipal State is represented by the Municipal-CA, Municipal-Single-State, and the Municipal-NY classifications; Municipal National is represented by the Municipal classification. All other categories are represented by the Morningstar CEF Classifications of the same name

²The “Median CEF” is the median of all the individual funds in these CEF classifications represented. Distribution rate (“Dist Rate”) is calculated by annualizing the fund’s latest declared regular distribution and dividing that number by the funds market price as of the stated date. Past performance is not indicative of future results. You Cannot Invest directly in and index.

Equity¹

Equity CEFs were up 6.2% on NAV and up 7.1% on market price, outperforming other closed-end fund categories in Q1 2024. Discounts in the space narrowed by 160 basis points this quarter and currently sits at a median of -9.8%. Sector equity CEFs are currently trading better (-10.0%) than they were at the end of the year (-13.2%), driven by growth sectors that have been in favor this quarter given favorable corporate earnings and strong US growth.

Fixed Income¹

Fixed Income CEFs were up 2.6% on NAV and up 6.2% on market price in Q1 2024 and the median discount currently sits at -5.4%, 200 bps narrower than it was at the end of 2023. Strong performance was driven by lower interest rates across the yield curve. Lower rates were driven by investor optimism given resilient economic data and lower inflation. This benefited credit sensitive fixed income investments, like high yield bonds, which performed well in Q1 2024 as credit spreads tightened.

Allocation¹

Allocation CEFs were up 4.3% and 7.6% on NAV and market price respectively over the first quarter of 2024. Many Allocation funds typically have a blend of equity and fixed income, and so likely benefitted from the strong performance of both asset classes in Q1 2024. The median discount of -10.6% is narrower than the Q4 2023 median of -12.0%

Municipal¹

Municipal CEFs were down -0.1% on NAV, and up 3.0% on market price in Q1 2024. The slight underperformance on NAV is unsurprising given the Bloomberg Barclay's Municipal Bond index returned -0.4%. After posting the strongest performance since the mid-1980s during the fourth quarter of 2023, Municipal bonds took a breather in January. Muni discounts narrowed by 236 bps over the first quarter of 2024, and Muni CEFs currently trade at a median discount of -11.3, wider than other asset classes. The SIFMA Municipal Swap Index², a common base rate used to calculate municipal CEF leverage costs, currently sits a 3.65%, which is higher than the 5-year average rate of 1.45%. Distributions for Muni CEFs have increased 18% on average over the past year and could potentially stabilize if short term rates remain unchanged.

- (1) Source: Morningstar as of 3/31/24. Each asset class is represented by the median of listed CEFs in that category, represented by certain Morningstar CEF Classifications. See "CEF Category Snapshot" table on page 1 for more category details. Fixed Income CEFs are the median of the High Yield, Investment Grade, Preferreds, Senior Loan and Multi-Sector classifications. Equity is the median of the Covered Call and Sector Equity classifications. Municipal is the median of the Municipal-CA, Municipal-Single-State, Municipal-NY and the Municipal classifications
- (2) Source: SIFMA as of 5/1/24 The SIFMA Municipal Swap Index is a 7-day high-grade market index comprised of tax-exempt Variable Rate Demand Obligations (VRDOs) with certain characteristics. The Index is calculated and published by Bloomberg. The Index is overseen by SIFMA's Municipal Swap Index Committee.

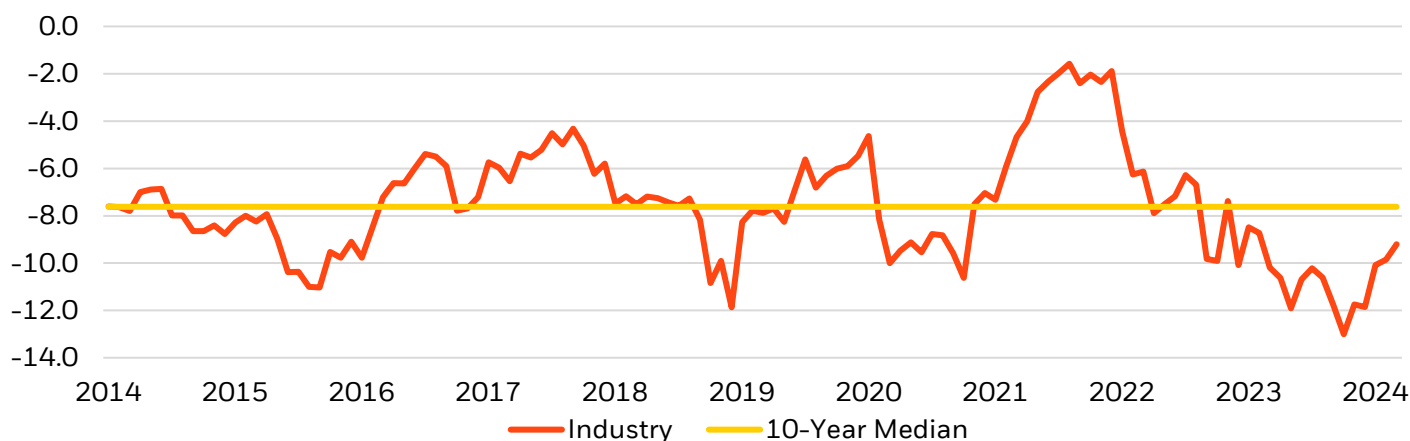
BlackRock CEF Updates

- BlackRock announced the adoption of discount management programs for certain CEFs. See below more details
 - [Equity and Allocation CEFs](#)
 - [BlackRock MuniVest Fund, Inc. \(MVF\)](#)
- MUI Announced Tender Offer Contingent Upon Approval of Conversion of MUI to Unlisted Closed-End Interval Fund Structure
 - [Press release details here](#)
- Check out the [CEF Press Release page](#) to see the most recent BlackRock CEF distribution announcements
- Check out our [Municipal CEF earnings & UNII Report](#) and [Fixed Income CEF earnings & UNII Report](#) to see distribution coverage ratios and undistributed net investment income balances

CEF Industry Valuation

Premium/Discount Chart

10-Year industry median



Source: Morningstar as of 3/31/2024. Industry represents the median of all US Listed CEFs.

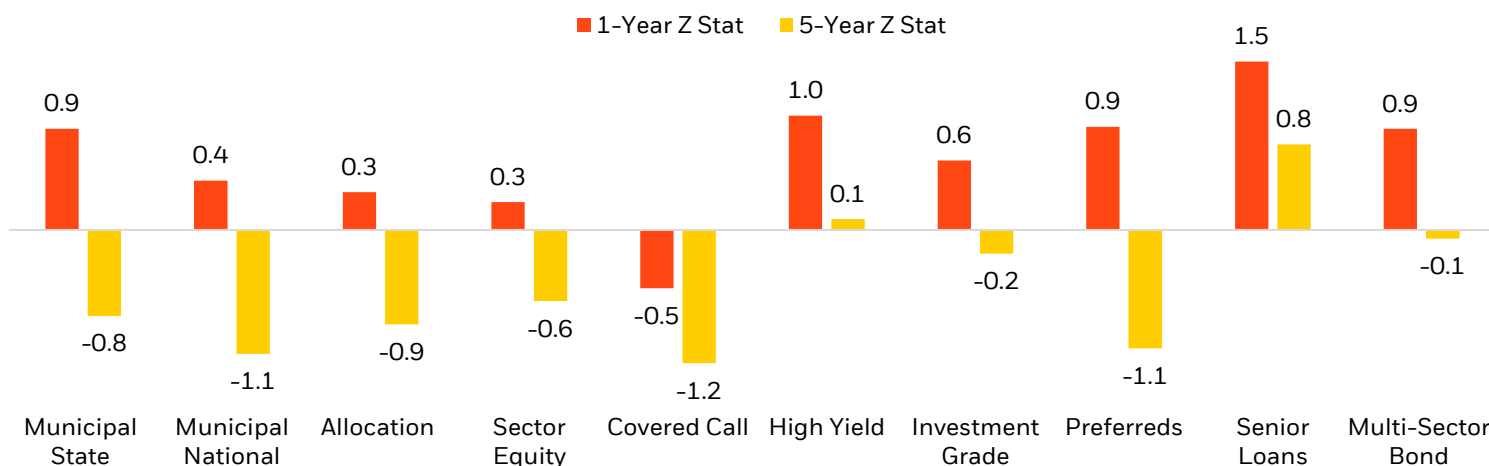
Key Stats



Source: Morningstar as of 3/31/2024. These stats are based on the median of all US listed CEFs. P/D stands for Premium/discount. Distribution rate is the median distribution rate on market price for all listed CEFs. Distribution rate is calculated by annualizing the fund's latest declared regular distribution and dividing that number by the funds market price as of the stated date. Closed-end fund distributions may be derived from various sources of a fund's potential return, including interest, dividends, capital gains and potentially return of capital – the composition and tax treatment will vary for each fund depending on its underlying holdings and portfolio turnover. When distributions exceed total return performance, the difference will reduce the Fund's net asset value per share. **Past performance is not indicative of future results.**

CEF Value Monitor

When evaluating a CEFs discount, we believe investors should not only focus on the absolute level, but also where the fund is trading relative to its history. Historical data has shown that while discounts fluctuate, they eventually trend back to their norm. A useful tool to identify relative value opportunities is the Z-Score/Z-Stat, which is a statistical measure that calculates the distance (measured in standard deviations) of a CEF's current discount from its average discount over a stated time period. For example, a 1-year Z-score of -2 means that the CEF's current premium/discount is 2 standard deviations lower (wider discount) than the CEF's average discount over the 1-year period. Below is a summary of Z-score for each CEF asset class:



Source: Morningstar as of 5/3/2024. Closed-end fund categories are represented by the medians of certain Morningstar Closed-end Fund (CEF) Classifications. Allocation is represented by the US Allocation, Global Allocation and US Convertibles classification; Multi-Sector Bond is represented by the Multi-Sector classification; Municipal State is represented by the Municipal-CA, Municipal-Single-State, and the Municipal-NY classifications; Municipal National is represented by the Municipal classification. All other categories are represented by the Morningstar CEF Classifications of the same name. **Past performance is not indicative of future results. You Cannot Invest directly in and index.**

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Performance results reflect past performance and are no guarantee of future results. Current performance may be lower or higher than the performance data quoted. All returns assume reinvestment of all dividends. The market value and net asset value (NAV) of a fund's shares will fluctuate with market conditions. Closed-end funds may trade at a premium to NAV but often trade at a discount

The funds are actively managed and its characteristics will vary. Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. International investing involves special risks including, but not limited to political risks, currency fluctuations, illiquidity and volatility. These risks may be heightened for investments in emerging markets. Fixed income risks include interest-rate and credit risk. Typically, when interest rates rise, there is a corresponding decline in bond values. Credit risk refers to the possibility that the bond issuer will not be able to make principal and interest payments. Principal of mortgage- or asset-backed securities normally may be prepaid at any time, reducing the yield and market value of those securities. Obligations of US gov. agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the US gov. Non-investment-grade debt securities (high-yield/junk bonds) may be subject to greater market fluctuations, risk of default or loss of income and principal than higher rated securities. Investments in emerging markets may be considered speculative and are more likely to experience hyperinflation and currency devaluations, which adversely affect returns. In addition, many emerging securities markets have lower trading volumes and less liquidity. The fund may use derivatives to hedge its investments or to seek to enhance returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility.

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The amounts and sources of distributions reported in any notices are only estimates and are not being provided for tax reporting purposes. The actual amounts and sources of the amounts for tax reporting purposes will depend upon the Fund's investment experience during the remainder of its fiscal year and may be subject to change based on tax regulations. The Fund will send a Form 1099-DIV for the calendar year that will tell how to report these distributions for federal income tax purposes.

Some investors may be subject to the alternative minimum tax (AMT).

Some BlackRock funds make distributions of ordinary income and capital gains at calendar year end. Those distributions temporarily cause extraordinarily high yields. There is no assurance that a fund will repeat that yield in the future. Subsequent monthly distributions that do not include ordinary income or capital gains in the form of dividends will likely be lower.

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