

BlackRock

Closed-End Funds vs Mutual Funds

Structure and Performance

Overview

A closed-end fund (“CEF”) is an investment company registered under the Investment Company Act of 1940 that raises capital by issuing shares through an initial public offering (IPO)

- Following the IPO, a CEF trades on a national stock exchange
- CEFs offer a fixed number of shares, therefore limiting the need to manage liquidity for potential redemptions. This relatively stable pool of capital means portfolio managers don’t have to consider deploying new cash inflows or forced sales from cash outflows and may invest in less liquid and private investments
- CEFs are exchange-traded, and the market price is determined by daily fluctuations in demand. This fluctuation causes share prices to differ from their underlying net asset value (NAV), therefore trading at a premium or discount to NAV. NAV is priced daily at the end of the trading day while share price fluctuates throughout the day based on supply and demand on the stock exchange
- Ability to utilize leverage can give CEFs the potential to enhance returns

Open-end mutual funds - commonly referred to as mutual funds - are investment companies registered under the Investment Company Act of 1940. Unlike closed-end funds, mutual funds continually issue new shares, which are priced daily on their NAV.

- The continuous issuance of new shares means that mutual funds require sufficient cash for daily redemptions and portfolio managers may be impacted by forced selling in order to meet redemptions
- The liquidity requirements governing mutual funds also means that mutual funds cannot invest in many illiquid and alternative securities
- Mutual funds typically have different share classes with different fees and expense structures.
- Although mutual funds may utilize leverage to raise additional capital, they typically do not employ leverage to the extent that closed-end funds do

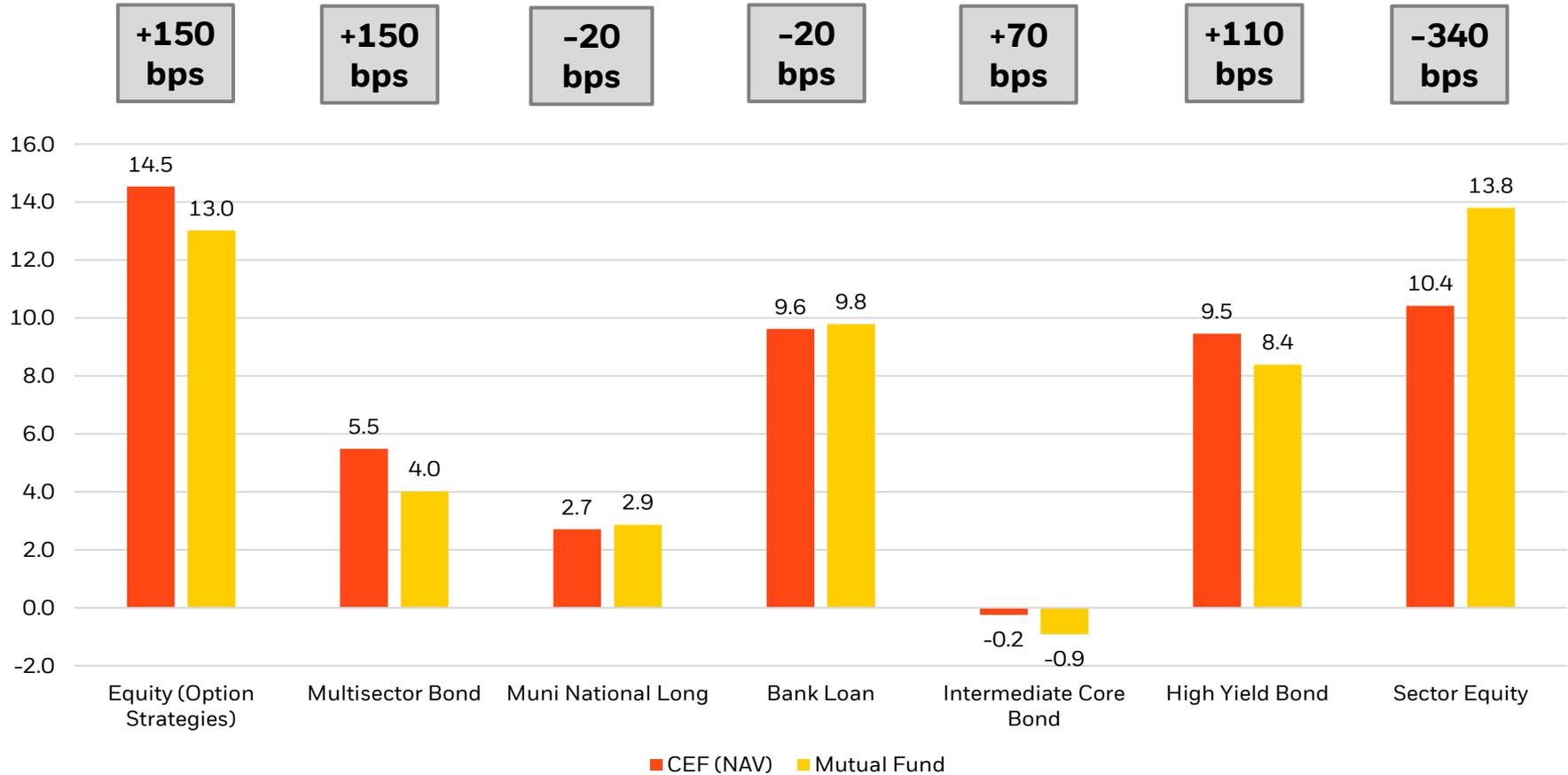
Closed-End vs. Mutual Funds

Share Treatment	Closed-End Funds	Mutual Funds
Exchange Listed	Yes	No
Liquidity	Intraday (shares trade on an exchange). CEFs limit the need to manage liquidity for redemptions	Market Close. Mutual funds require sufficient cash for daily redemptions
Potential Return Focus	Primarily Current Income / Total Return	Current Income/Total Return
Shares Offered	Total shares are determined by initial demand during the initial public offering (“IPO”). Shares can be bought and sold in secondary market post IPO.	Continuously offered.
Shares Redeemed	No. Shares are bought and sold in the secondary market. ¹	Yes. Once a day, at the close of business at current NAV
Shares Priced	Based on market supply and demand. Priced at either a premium or discount to net asset value (“NAV”).	Price is set daily by NAV.
Use of Leverage	Prevalent among Fixed Income CEFs	Can use leverage, but employed much less than in CEFs
Share Classes	Not typical in CEF structure	Multiple share classes with different expense structures are common
Illiquid Security Exposure	Ability to invest	Limited ability to invest

1. Certain closed-end funds may make periodic tender offers for shares.

Performance of Closed-End Funds vs. Mutual Funds

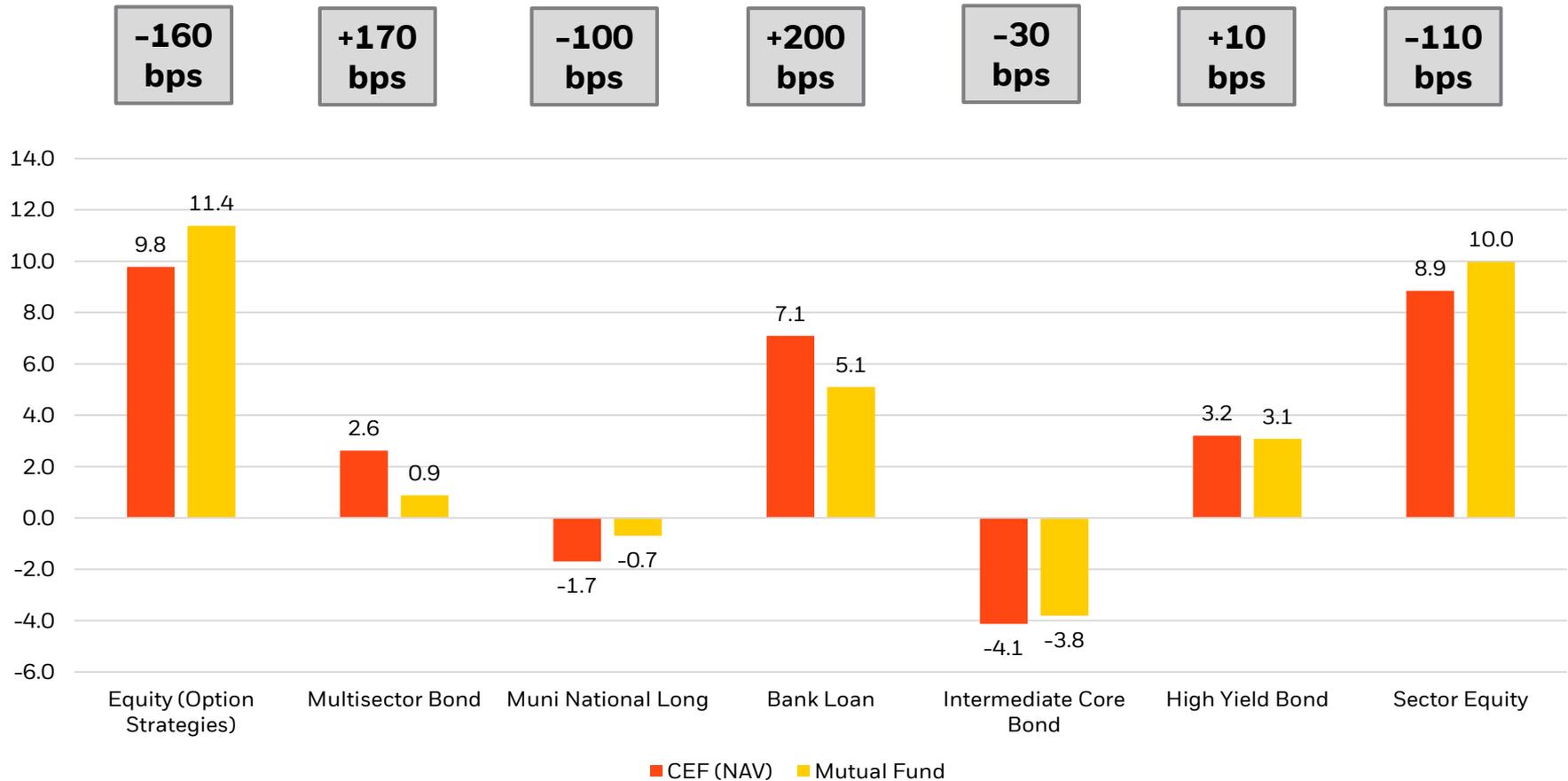
1-Year Cumulative Total Return of CEFs & Mutual Funds Morningstar Classifications (as of 6/30/2023)



Source: Morningstar. Data as of 6/30/23. Returns show the median NAV return for CEFs and the median NAV return for Mutual Funds. **Past performance is no indication of future results.** Performance shown is the median for the funds in the category; individual fund performance could have been positive or negative. Returns are cumulative. Sector Equity is represented by a combination of the following Morningstar US categories: Equity Energy, Health, Technology, Utilities, and Natural Resources, which are the most prevalent sector equity categories. Equity (Option Strategies) is represented by Derivative Income Morningstar category. All other categories are represented by Morningstar US CE (Closed-End) or Morningstar US OE (Open-End) categories of the same name. Any funds not inceptioned in this time period will not be included in return numbers.

Performance of Closed-End Funds vs. Mutual Funds

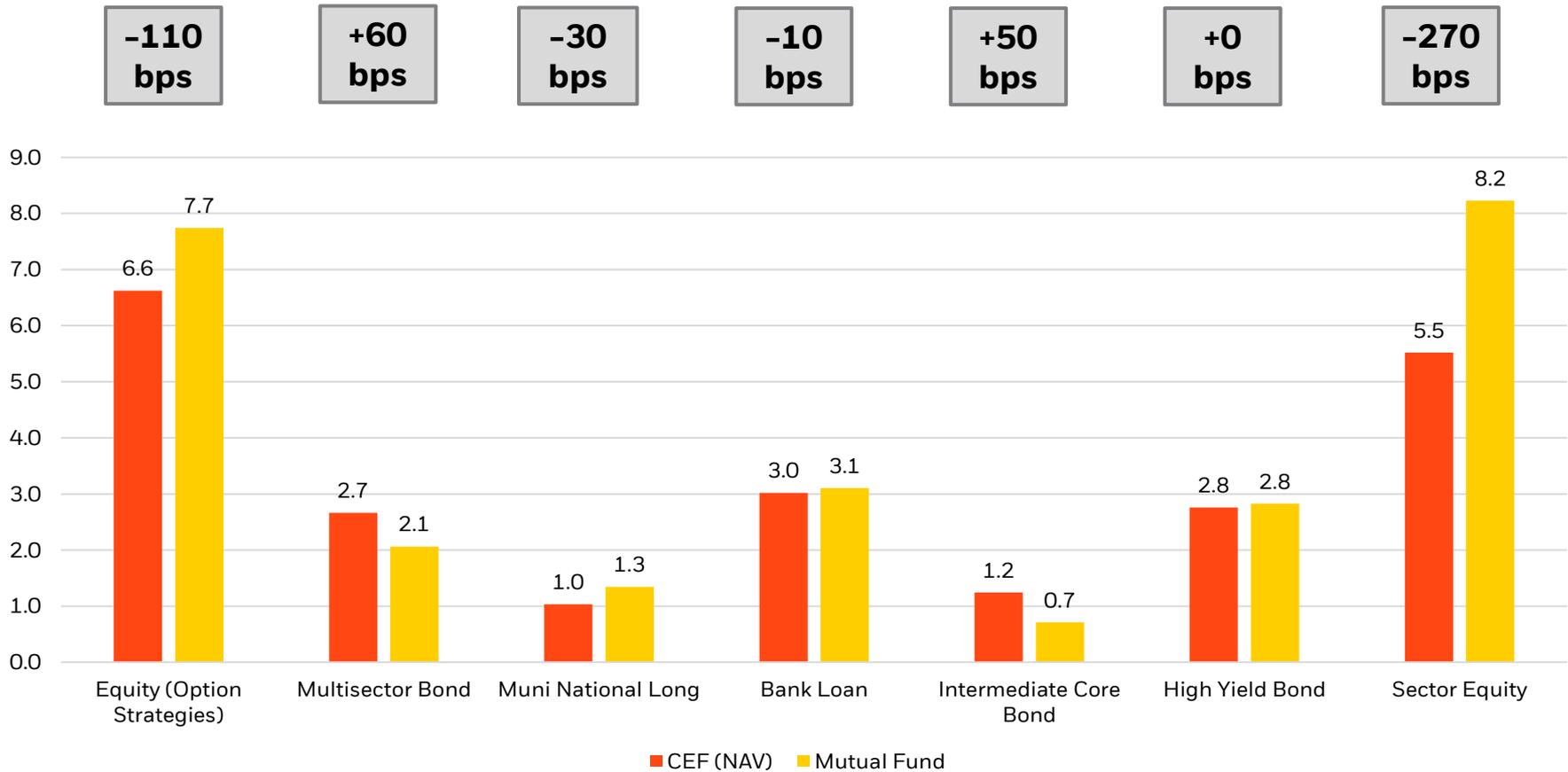
3-Year Annualized Total Return of CEFs & Mutual Funds Morningstar Classifications (as of 6/30/2023)



Source: Morningstar. Data as of 6/30/23. Returns show the median NAV return for CEFs and the median NAV return for Mutual Funds. **Past performance is no indication of future results.** Performance shown is the median for the funds in the category; individual fund performance could have been positive or negative. Returns are annualized. Sector Equity is represented by a combination of the following Morningstar US categories: Equity Energy, Health, Technology, Utilities, and Natural Resources, which are the most prevalent sector equity categories. Equity (Option Strategies) is represented by Derivative Income Morningstar category. All other categories are represented by Morningstar US CE (Closed-End) or Morningstar US OE (Open-End) categories of the same name. Any funds not incepted in this time period will not be included in return numbers.

Performance of Closed-End Funds vs. Mutual Funds

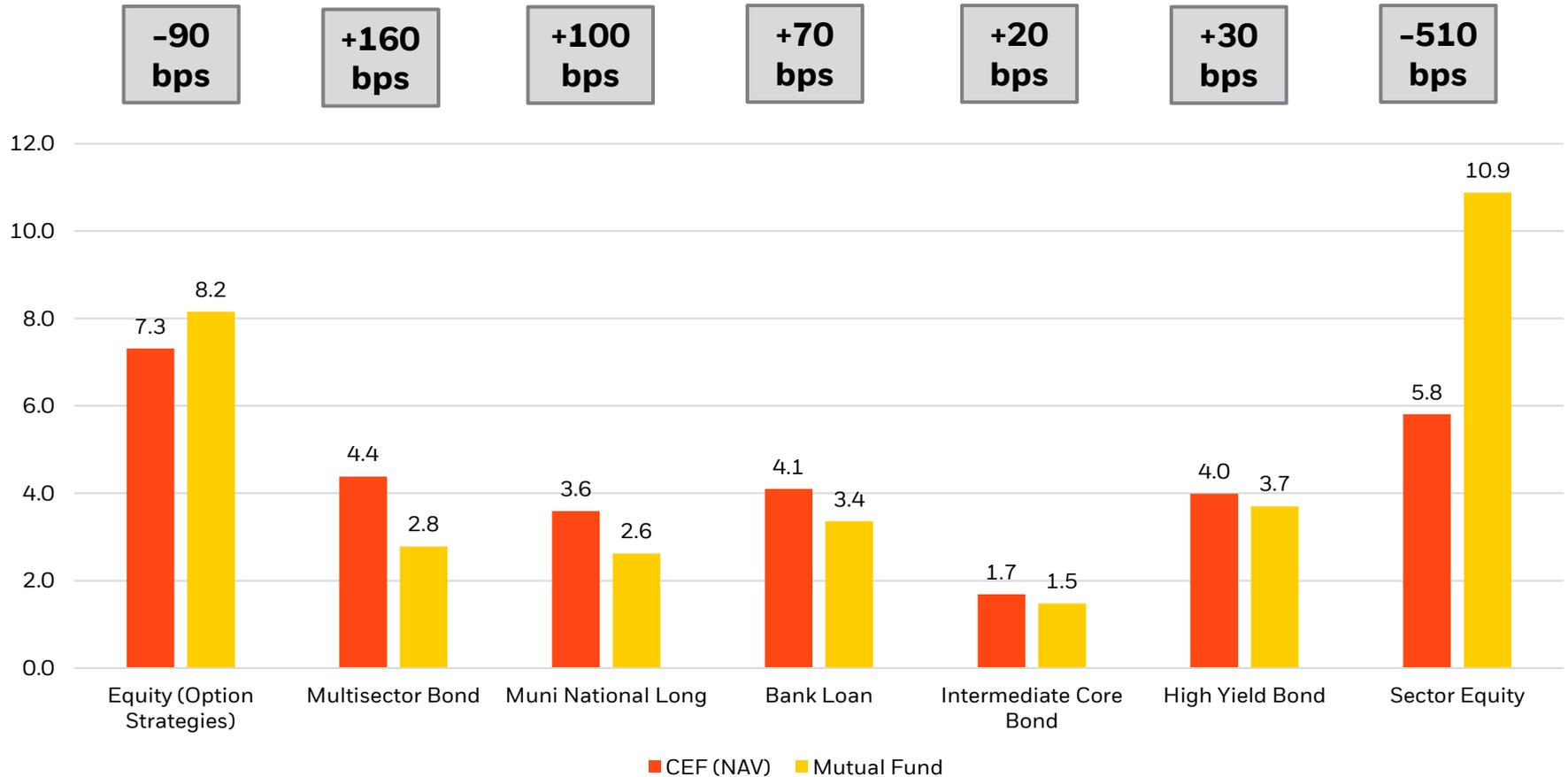
5-Year Annualized Total Return of CEFs & Mutual Funds Morningstar Classifications (as of 6/30/2023)



Source: Morningstar. Data as of 6/30/23. Returns show the median NAV return for CEFs and the median NAV return for Mutual Funds. **Past performance is no indication of future results.** Performance shown is the median for the funds in the category; individual fund performance could have been positive or negative. Returns are annualized. Sector Equity is represented by a combination of the following Morningstar US categories: Equity Energy, Health, Technology, Utilities, and Natural Resources, which are the most prevalent sector equity categories. Equity (Option Strategies) is represented by Derivative Income Morningstar category. All other categories are represented by Morningstar US CE (Closed-End) or Morningstar US OE (Open-End) categories of the same name. Any funds not inceptioned in this time period will not be included in return numbers.

Performance of Closed-End Funds vs. Mutual Funds

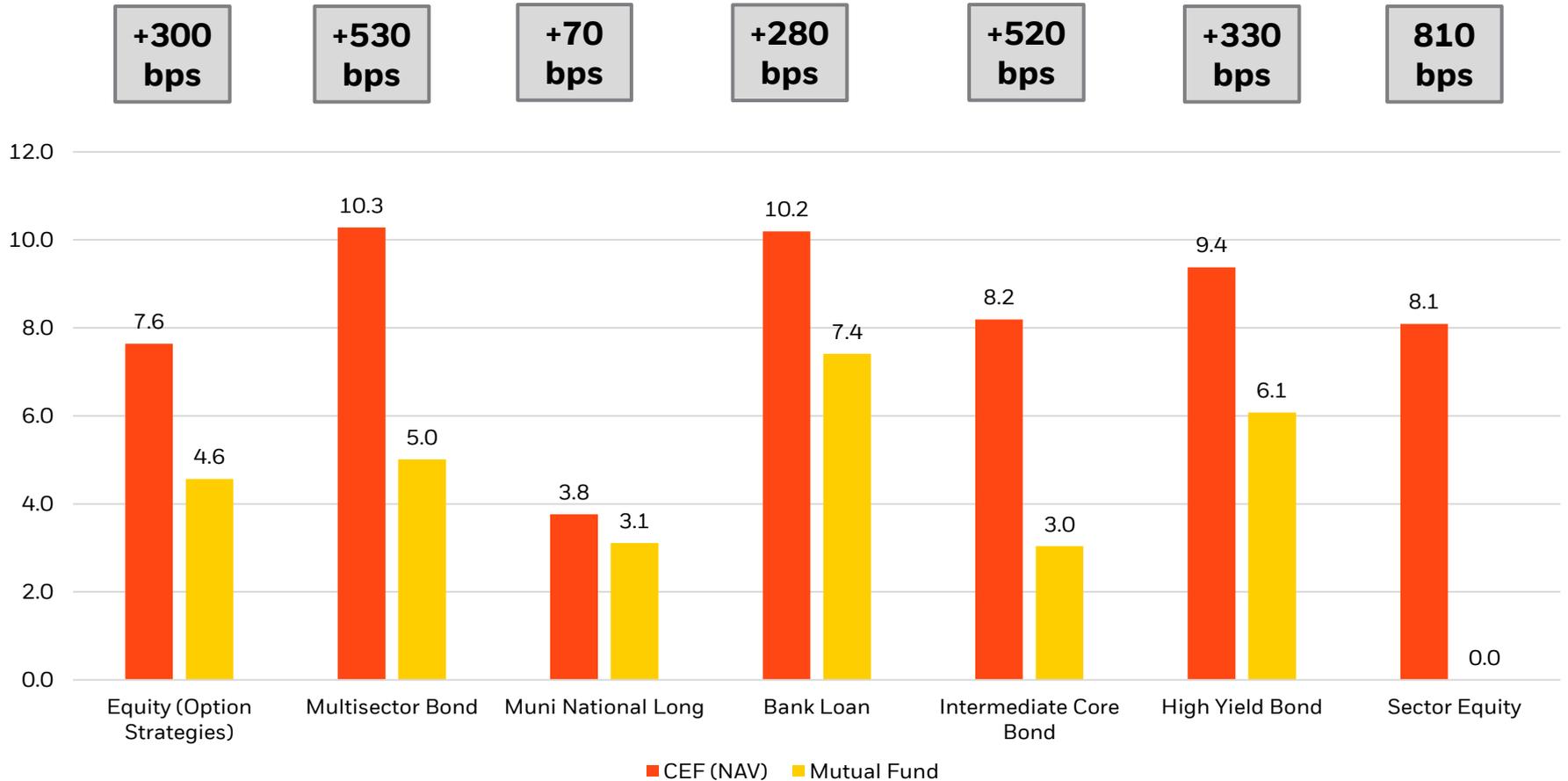
10-Year Annualized Total Return of CEFs & Mutual Funds Morningstar Classifications (as of 6/30/2023)



Source: Morningstar. Data as of 6/30/23. Returns show the median NAV return for CEFs and the median NAV return for Mutual Funds. **Past performance is no indication of future results.** Performance shown is the median for the funds in the category; individual fund performance could have been positive or negative. Returns are annualized. Sector Equity is represented by a combination of the following Morningstar US categories: Equity Energy, Health, Technology, Utilities, and Natural Resources, which are the most prevalent sector equity categories. Equity (Option Strategies) is represented by Derivative Income Morningstar category. All other categories are represented by Morningstar US CE (Closed-End) or Morningstar US OE (Open-End) categories of the same name. Any funds not inceptioned in this time period will not be included in return numbers.

Distribution Rates Closed-End Funds vs. Mutual Funds

Distribution Rate of CEFs & Mutual Funds Morningstar Classifications (as of 6/30/2023)



Source: Morningstar. Data as of 6/30/23. Distribution Rate show the median NAV distribution rate for CEFs and the median 12-Mo Yield for Mutual Funds. **Past performance is no indication of future results.** Performance shown is the median for the funds in the category. Sector Equity is represented by a combination of the following Morningstar US categories: Equity Energy, Health, Technology, Utilities, and Natural Resources, which are the most prevalent sector equity categories. Equity (Option Strategies) is represented by Derivative Income Morningstar category. All other categories are represented by Morningstar US CE (Closed-End) or Morningstar US OE (Open-End) categories of the same name. Any funds not accepted in this time period will not be included in return numbers.

Important Information

Morningstar Category Definitions

DERIVATIVE INCOME – Derivative income strategies primarily use an options overlay to generate income while maintaining significant exposure to equity market risk. Income is typically generated through covered call writing strategies, for example, while traditional equity risk factors dictate a substantial portion of the return. Funds in the category will typically have beta values to relevant benchmarks of between 0.6 and 0.9.

MULTISECTOR BOND – Multisector-bond portfolios seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

MUNI NATIONAL LONG – Muni national long portfolios invest in bonds issued by various state and local governments to fund public projects. The income from these bonds is generally free from federal taxes. To lower risk, these portfolios spread their assets across many states and sectors. These portfolios have durations of more than 6.0 years (or average maturities of more than 12 years).

BANK LOAN – Bank-loan portfolios primarily invest in floating-rate bank loans and floating-rate below investment-grade securities instead of bonds. In exchange for their credit risk, these loans offer high interest payments that typically float above a common short-term benchmarks such as London Interbank Offered Rate (LIBOR) or Secured Overnight Financing Rate (SOFR).

INTERMEDIATE CORE BOND – Intermediate-term core bond portfolios invest primarily in investment-grade U.S. fixed-income issues including government, corporate, and securitized debt, and hold less than 5% in below-investment-grade exposures. Their durations (a measure of interest-rate sensitivity) typically range between 75% and 125% of the three-year average of the effective duration of the Morningstar Core Bond Index.

Source: Morningstar. Data as of 4/30/23. Morningstar categories are denoted by **Morningstar US CE** (Closed-End) for closed-end funds and **Morningstar US OE** (Open-End) for open-end funds. Morningstar Category definitions are the same across closed-end and open-end fund categories, with the primary difference being the "closed" or "open" structure of the funds in the respective categories.

Important Information

Morningstar Category Definitions (cont.)

HIGH-YIELD BOND – High-yield bond portfolios concentrate on lower-quality bonds, which are riskier than those of higher-quality companies. These portfolios generally offer higher yields than other types of portfolios, but they are also more vulnerable to economic and credit risk. These portfolios primarily invest in U.S. high-income debt securities where at least 65% or more of bond assets are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

SECTOR EQUITY

EQUITY ENERGY – Equity energy portfolios invest primarily in equity securities of U.S. or non-U.S. companies who conduct business primarily in energy-related industries. This includes and is not limited to companies in alternative energy, coal, exploration, oil and gas services, pipelines, natural gas services, and refineries.

HEALTH – Health portfolios focus on the medical and health-care industries. Most invest in a range of companies, buying everything from pharmaceutical and medical-device makers to HMOs, hospitals, and nursing homes. A few portfolios concentrate on just one industry segment, such as service providers or biotechnology firms.

TECHNOLOGY – Technology portfolios buy high-tech businesses in the U.S. or outside of the U.S. Most concentrate on computer, semiconductor, software, networking, and Internet stocks. A few also buy medical-device and biotechnology stocks, and some concentrate on a single technology industry.

UTILITIES – Utilities portfolios seek capital appreciation by investing primarily in equity securities of U.S. or non-U.S. public utilities including electric, gas, and telephone-service providers.

NATURAL RESOURCES – Natural-resources portfolios focus on commodity-based industries such as energy, chemicals, minerals, and forest products in the United States or outside of the United States. Some portfolios invest across this spectrum to offer broad natural-resources exposure. Others concentrate heavily or even exclusively in specific industries. Portfolios that concentrate primarily in energy-related industries are part of the equity energy category.

Source: Morningstar. Data as of 4/30/23. Morningstar categories are denoted by **Morningstar US CE** (Closed-End) for closed-end funds and **Morningstar US OE** (Open-End) for open-end funds. Morningstar Category definitions are the same across closed-end and open-end fund categories, with the primary difference being the "closed" or "open" structure of the funds in the respective categories.

Important Information

Investing involves risk, including possible loss of principal.

Stock and bond values fluctuate in price so the value of your investment can go down depending on market conditions. 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.

Common shares of closed-end funds are available to the public for purchase and sale at current market price on a stock exchange. A closed-end fund's investment return, dividend yield, market price and net asset value (NAV) will fluctuate with market conditions. The information for these funds is provided for informational purposes only and does not constitute a solicitation of an offer to buy or sell fund shares.

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 NAV of a fund's shares will fluctuate with market conditions. At the time of sale, your shares may have a market price that is above or below NAV and may be worth more or less than your original investment. Closed-end funds may trade at a premium to NAV but often trade at a discount. Closed-end funds can use leverage to a greater degree than open-end funds, which can enhance returns on both the downside and the upside. Also, closed-end funds can invest in more illiquid securities given the fixed capital nature of the structure, which leads to different investment opportunities compared to open-end funds.

Closed-end and open-end funds are actively managed, and their characteristics will vary. The values of the securities owned by the funds 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. 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 funds may use derivatives to hedge their investments or to seek to enhance returns. Derivatives entail risks relating to liquidity, leverage and credit that may reduce returns and increase volatility.

There is no assurance that any fund will achieve its investment objective. Each fund is subject to numerous risks, including investment risks. None of the funds is a complete investment program and you may lose money investing in a fund. An investment in a fund may not be appropriate for all investors.

Closed-end fund shares are not deposits or obligations of, or guaranteed by, any bank and are not insured by the FDIC or any other agency. Investing involves risk, including possible loss of principal amount invested. This is not a prospectus intended for use in the purchase or sale of any fund's shares. Shares may only be purchased or sold through registered broker/dealers. For more information regarding any of BlackRock's closed-end funds, please call BlackRock at 800-882-0052.

BlackRock does not provide tax advice, and investors should consult their professional advisors before making any tax or investment decision. Certain closed-end funds may utilize leverage to seek to enhance the yield and NAV of their common stock, through bank borrowings, issuance of short-term debt securities or shares of preferred stock, or a combination thereof. However, these objectives cannot be achieved in all interest rate environments. While leverage may result in a higher yield for the fund, the use of leverage involves risk, including the potential for higher volatility of the NAV, fluctuations of dividends and other distributions paid by the fund and the market price of the fund's common stock, among others. There is no assurance that a fund's leveraging strategy will be successful. While a common investment practice by many closed-end fund managers, leverage cannot assure a higher yield or return to the holders of the common shares. As mentioned above, the ability of a closed-end fund to use leverage differs from that of an open-end fund.

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