

BlackRock Closed-End Fund Monthly Insights

BlackRock®

December 2023

CEF Market Update¹

- Closed-end funds (“CEFs”) were up across almost all major categories in November
- Positive investor sentiment propelled CEFs returns
- CEFs are still trading near their widest discounts levels in the last 10-years

Market overview¹

Closed-end funds (“CEFs”) were up across most major categories in November, with the median CEF in the universe up 7.3% on net asset value (“NAV”) and up 9.4% on market price. CEF discounts narrowed by 120bps in November and currently trade at a median discount of -11.7%, well wider than their 10-year median of -7.3%. After elevated tax-loss selling at the start of the third quarter, CEFs reversed course as overall market sentiment improved, which led to positive returns across all categories.

Municipal²

Municipal CEFs were the top performing category in the CEF market in November on both market price and NAV. The strong performance was a result of falling yields, which had a positive impact on longer duration funds. For the month, Muni CEFs were up 11.9% on NAV and 13.6% on market price. Muni discounts narrowed by 140 bps and currently trades at a median discount of -13.6%, still well wider than their 10-year median of -6.4%. Discounts remain wide as investors assess the impact of “higher for longer” interest rates on leveraged Muni CEFs. Rising short-term interest rates have put pressure on leverage costs, and subsequently have led to distribution reductions in Muni CEFs. The SIFMA Municipal Swap Index³, a common base rate used to calculate municipal CEF leverage costs, currently sits a 3.30%, which is higher than the 5-year average rate of 1.30%.

Fixed Income²

Fixed Income CEFs were up 4.4% on NAV and up 7.0% on market price in November and the median discount currently sits at -8.0%. 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 November as credit spreads tightened. Bank Loan CEFs continue to shine in this market and are the best performing CEF category in 2023, up 12.6% on NAV and up 15.9% on market price, but still trade at a median discount of -8.9%.

CEF Category Snapshot

Category	Dist Rate	Prem/ Disc	Prem/ Disc (1 mo. Change)	Nov. (NAV)	Nov. (MP)	YTD (NAV)	YTD (MP)
Sector Equity	8.8%	-13.7%	0.8%	7.5%	7.0%	0.7%	0.3%
Municipal	5.3%	-13.6%	1.4%	11.9%	13.6%	4.7%	1.0%
Allocation	10.3%	-12.8%	3.0%	6.7%	9.4%	7.1%	4.7%
Equity (Option Strategies)	8.4%	-10.4%	2.4%	6.6%	9.1%	11.9%	10.0%
Bank Loan	11.9%	-8.9%	2.2%	1.9%	3.9%	12.6%	15.9%
High Yield	10.4%	-8.8%	1.5%	5.1%	7.2%	9.3%	10.1%
Investment Grade	5.3%	-6.6%	2.3%	5.7%	7.9%	4.2%	4.6%
Multi-Sector Bond	10.4%	-6.2%	1.0%	5.0%	7.8%	9.0%	8.9%
Median	8.5%	-11.7%	+1.2%	7.3%	9.4%	5.6%	4.5%

Source: Morningstar as of 11/30/23. Data is based on category median. Sector Equity is represented by a median of the following Morningstar categories: US CE Equity Energy, US CE Health, US CE Technology, US CE Utilities, and US CE Natural Resources. Equity (Option Strategies) is represented by Derivative Income Morningstar category. Municipal is represented by the Muni National Long Morningstar category, Allocation is represented by the Tactical Allocation Morningstar category, High Yield is represented by the High Yield Morningstar category, Bank Loan is represented by the Bank Loan Morningstar category, Multi-Sector Bond is represented by the Multi-Sector Morningstar category, and Investment Grade is represented by the Corporate Bond Morningstar category. 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.**

Equity²

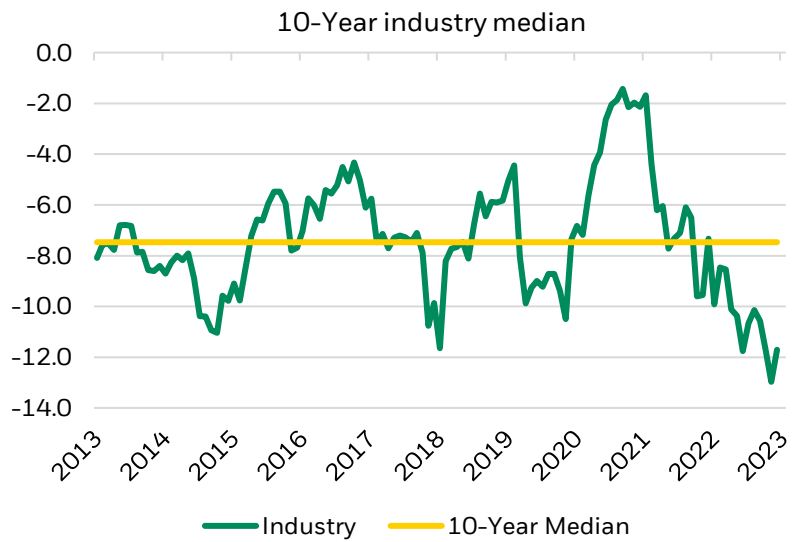
Equity CEFs were up 7.1% on NAV and up 8.1% on market price in November. Discounts in the space narrowed by 80 basis points in November and currently sits at a median of -12.0%. Sector equity CEFs still trade at some of the widest discounts in the CEF market (-13.7%), driven by growth sectors that have been out of favor in this market environment. Wide discounts may have been driven by tax-loss selling in the space as investors harvest losses to offset gains in their portfolios.

- (1) “CEF” is represented by the median value of all listed CEFs in the “CEF Category Snapshot” table. All performance and commentary in the document is referencing November 2023. **Past performance is not indicative of future results. You Cannot Invest directly in and index.**
- (2) Source: Morningstar as of 11/30/23. Each asset class is represented by all listed CEFs in that category. See “CEF Category Snapshot” table for more category details. All data is a of 10/31/23 and median is the median of the category listed. Fixed Income CEFs are the median of the Multi-Sector Bond, High Yield, Bank Loan, and Investment Grade Morningstar categories. Equity is the median of the Equity Energy, Health, Technology, Utilities, CE Natural Resources, and Derivative Income Morningstar categories.
- (3) Source: SIFMA as of 11/30/23 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 increases to 23 municipal CEF distributions and early declared their December, January, and February distributions. For more details [click here](#)
- For a list of certain BlackRock CEF December distributions [click here](#)
- BlackRock CEF share repurchase program quarterly results are now available, [click here](#) to see
- 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/Premium/Discounts



Source: Morningstar as of 11/30/2023. Industry represents the median of all US Listed CEFs.

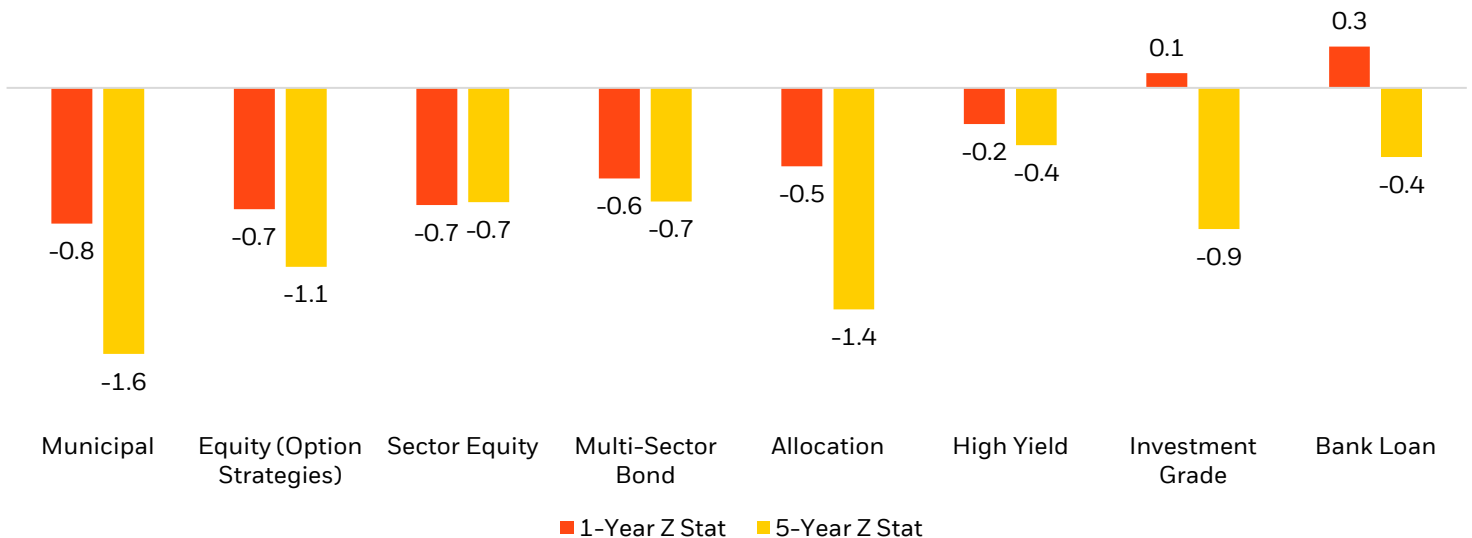
Key Industry Stats



Source: Morningstar as of 11/30/2023. 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. **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, 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 11/30/23. Data is based on category median. Sector Equity is represented by a median of the following Morningstar categories: US CE Equity Energy, US CE Health, US CE Technology, US CE Utilities, and US CE Natural Resources. Equity (Option Strategies) is represented by Derivative Income Morningstar category, Municipal is represented by the Muni National Long Morningstar category, Allocation is represented by the Tactical Allocation Morningstar category, High Yield is represented by the High Yield Morningstar category, Bank Loan is represented by the Bank Loan Morningstar category, Multi-Sector Bond is represented by the Multi-Sector Morningstar category, and Investment Grade is represented by the Corporate Bond Morningstar category. **Past performance is not indicative of future results. You Cannot Invest directly in and index.**

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Carefully consider each Fund's investment objective, risk factors and charges and expenses before investing. This and other information can be found in the Fund's prospectus and shareholder report which may be obtained by visiting the SEC Edgar database. Read the prospectus and shareholder report carefully before investing.

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Common shares for closed-end funds are only available for purchase and sale at current market price on a stock exchange. A closed-end fund's distribution rate, market price and 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 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 govt. agencies are supported by varying degrees of credit but generally are not backed by the full faith and credit of the US govt. 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.

There is no assurance that the Funds will achieve its investment objective. The Funds are subject to numerous risks, including investment risks. Shares of closed-end funds often trade at a discount from their net asset value. The Funds are not a complete investment program and you may lose money investing in the Fund. An investment in the Funds may not be appropriate for all investors.

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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