

FUNDMARKET INSIGHT REPORT

REFINITIV LIPPER RESEARCH SERIES

AUGUST 31, 2020

The Month in Closed-End Funds: August 2020

Performance

For the fifth consecutive month, equity CEFs on average witnessed plus-side performance on both a NAV and market basis. They rose 2.71% and 3.59%, respectively. Meanwhile, for the fifth month in a row, their fixed income CEF counterparts posted returns in the black on a NAV basis (+0.73%) and a market basis (+0.64%). While still suffering negative returns year to date (-7.67% and -1.22%, respectively), the average equity and fixed income CEF chalked up strong three-month returns, rising 8.00% and 6.32%, respectively, on a NAV basis.

During the month, the major U.S. benchmarks continued on their upward trajectories as investors continued to weigh the ongoing concerns of a rise in new coronavirus outbreaks and impasse on Capitol Hill on extending the emergency unemployment package against improvements in the U.S. unemployment rate and continued commitment by the Federal Reserve Board to support the economy. On the domestic side, the NASDAQ Composite Price Only Return Index continued to soar, posting the strongest return for the month, rising 9.59% (its strongest August return since 2000), while the Russell 2000 Price Only Index was the relative laggard, gaining 2.26%. On the nondomestic side, the Xetra DAX Total Return Index moved to the top of the leaderboard, returning 6.33%, while the FTSE 100 Price Only Index (+3.15%) was the relative laggard of the other often-followed broad-based international indices.

At the beginning of August, the U.S. indices started out with a bang despite Washington's inability to produce a last minute COVID-19 aid package before Congress began its summer recess and rising tensions between Beijing and Washington. Investors cheered a better-than-expected nonfarm payrolls report. The Department of Labor announced the U.S. economy had added 1.76 million new jobs in July, beating analyst expectations of a 1.7 million rise. The unemployment rate declined to 10.2% from 11.1% in June. However, according to data compiled by Johns Hopkins University, the U.S. saw 57,000 new coronavirus cases, bringing the U.S. case tally to 4.9 million, while the death toll rose above 160,000.

The following week, U.S. stocks scored subdued weekly gains after investors learned of a weaker-than-expected rise in July retail sales (+1.2%), the impasse over a coronavirus aid package, and talks between China and the U.S. being postponed indefinitely. However, news that Q2 productivity rose 7.3% and President Donald Trump signed an executive order to partially extend some of the additional unemployment benefits kept investors in the game.

The S&P 500 and the NASDAQ (its thirty-sixth record close for 2020) set fresh closing highs a week later as investors learned the August manufacturing and service sector IHS purchasing managers indices rose to 19 and 17 month highs, respectively, and that sales of existing homes between June and July rose to 24.7%, the largest rise on record.

In the last week of the month, the Dow erased its 2020 losses and the S&P 500 and the NASDAQ posted new record highs after Federal Reserve Board Chair Jerome Powell outlined a new policy in which the Fed would allow employment and inflation to run higher than in the past, permitting inflation to rise over the target rate of 2.0% before hiking rates. The 10-year Treasury yield rose five bps to 0.74%, its highest close since June 17. Stocks were also bolstered by data that showed U.S. personal income rose 0.4% in July and consumer spending rose 1.9%, both beating analyst expectations. On the last day of trading, both the Dow and the S&P 500 closed the day out lower, but posted their best August returns in 36 years, while the NASDAQ snagged another record close.

The Month in Closed-End Funds: August 2020

- For the fifth month in a row, equity closed-end funds (CEFs) on average posted positive returns, rising 2.71% on a net-asset-value (NAV) basis for August, while also for the fifth month running, fixed income CEFs witnessed returns in the black (+0.73%).
- Only 15% of all CEFs traded at a premium to their NAV, with 15% of equity CEFs and 15% of fixed income CEFs trading in premium territory. The high yield bond CEFs macro-classification witnessed the largest narrowing of discounts for the month among Lipper's CEF macro-groups—222 basis points (bps) to 7.48%.
- Convertible Securities Funds (+5.76%) posted the strongest one-month return in the CEF universe for August for the second consecutive month.
- The World Equity CEFs (+3.86%) macro-group posted the strongest plus-side returns in the CEF universe for August.
- For the first month in four, the municipal bond CEFs (-0.53%) macro-group posted returns in the red, with all nine classifications in the group posting losses for August.



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U.S. Treasury yields shifted up across the yield curve for the month, except for the one-month yield, which declined one bp to 0.08%. The 30-year Treasury yield witnessed the largest increase for the month, rising 29 bps to 1.49%. The two- and 10-year spread widened 14 bps to 0.58%, its largest spread since June 10.

For August, the dollar weakened against the euro (-1.12%) and the pound (-1.87%), but strengthened against the yen (+0.05%). Commodity prices rose for the month, with near-month gold prices rising 0.24% to close the month at \$1,967.6 per ounce and front-month crude oil prices gaining 5.81% to close at \$42.61 per barrel.

For the month, 70% of all CEFs posted NAV-based returns in the black, with 86% of equity CEFs and 58% of fixed income CEFs chalking up returns in the plus column. For the fourth month in a row, Lipper's world equity CEFs macro-group (+3.86%) outpaced its two equity-based brethren: mixed-assets CEFs (+3.61%) and domestic equity CEFs (+2.10%).

For the second consecutive month, the Convertible Securities CEFs classification (+5.76%) outperformed all other equity classifications, followed by Developed Markets CEFs (+5.21%) and Diversified Equity CEFs (+4.28%). Utility CEFs (+0.05%) was the relative laggard of the equity universe and was bettered by Real Estate CEFs (+0.63%) and Energy MLP CEFs (+0.97%). For the remaining equity classifications, returns ranged from 1.60% (Natural Resources CEFs) to 4.20% (Global CEFs).

Five of the 10-top performing CEFs for July were warehoused in Lipper's Global CEF classification. However, at the top of the chart was **AllianzGI Diversified Income & Convertible Fund (ACV)**, warehoused in the Convertible Securities CEFs classification), rising 9.42% on a NAV basis and traded at a 9.07% discount on August 31. Following ACV were **Gabelli Multimedia Trust Inc. (GGT)**, housed in Global CEFs classification), gaining 8.89% and traded at a 0.14% discount at month end; **Calamos Global Total Return Fund (CGO)**, also housed in the Global CEFs classification), rising 8.85% and traded at a 0.70% discount on August 31; **AllianzGI Equity & Convertible Income Fund (NIE)**, housed in Lipper's Convertible Securities CEF classification), posting an 8.13 % return and traded at an 11.92% discount at month end; and **Calamos Strategic Total Return Fund (CSQ)**, housed in the Income & Preferred Stock CEFs classification), gaining 8.07% and traded at a 1.87% discount on August 31.

For the month, the dispersion of performance in individual equity CEFs—ranging from negative 2.92% to positive 9.42%—was narrower than July's spread and skewed to the positive side. The 20 top-performing equity CEFs posted returns at or above 6.44%, while the 20-lagging equity CEFs were at or below minus 0.22%.

CLOSED-END FUNDS LAB

TABLE 1

CURRENT-MONTH PERFORMANCE, P&D, P&D SHIFTS (% OF UNIVERSE)

	NAV RETURNS POSITIVE	PREMIUM/DISCOUNT		NOW TRADING AT	
		BETTER	WORSE	PREMIUM	DISCOUNT
Equity CEFs	86	54	42	15	85
Bond CEFs	58	47	48	15	84
ALL CEFs	70	50	46	15	84

TABLE 2

AVERAGE NAV RETURNS, SELECTED PERIODS (%)

	AUGUST	YTD	3-MONTH	CALENDAR-2019
Equity CEFs	2.71	-7.67	8.00	19.20
Bond CEFs	0.73	-1.22	6.32	10.84
ALL CEFs	1.57	-3.94	7.03	14.51

TABLE 3

NUMBER OF IPOs, YTD VERSUS PRIOR YEAR

	AUGUST 2020	CALENDAR-2019
Conventional CEFs	9	10
Interval CEFs	11	26

TABLE 4

AVERAGE SIZE OF IPOs, SELECTED PERIODS, \$MIL

THREE MONTHS THROUGH 7/31/2020	300
COMPARABLE YEAR-EARLIER THREE MONTHS	491
CALENDAR 2019 AVERAGE	523

TABLE 5

NUMBER OF MERGERS & LIQUIDATIONS, YTD VERSUS PRIOR YEAR

	AUGUST 2020	CALENDAR-2019
ALL CEFs	19	23

TABLE 6

MEDIAN PREMIUMS AND DISCOUNTS (%)

	29-MAY	30-JUN	31-JUL	31-AUG
Equity CEFs	-11.77	-11.92	-11.96	-11.92
Bond CEFs	-8.16	-8.50	-7.31	-7.20
ALL CEFs	-9.11	-9.41	-8.72	-8.56

Source: Refinitiv Lipper

For the month, only 33 CEFs in the equity universe posted negative returns. Two of the five worst performing funds were housed in the Utility CEFs classification. At the bottom of the heap was **DNP Select Income Fund Inc. (DNP)**, housed in Lipper's Utility CEFs classification), but shedding just 2.92% of its July-closing NAV and traded at a 18.66% premium at month end. The second worst performing CEF was **Taiwan Fund Inc. (TWN)**, housed in Lipper's Emerging Markets CEFs classification), declining 2.70% and traded at a 17.85% discount on August 31.

The Treasury yield curve, generally, shifted up for the month after the Fed announced its new inflation policy. The 10-year Treasury yield rose 17 bps for the month to 0.72% (after hitting a high of 0.74% on August 27 and 28). For the first month in four, domestic taxable fixed income CEFs moved to the top of the charts, posting a 1.63% return on average, followed by world income CEFs (+1.51%) and municipal bond CEFs (-0.53%).

Investors continued their search for yield during the month and appeared to anticipate a rise in inflation, pushing Loan Participation CEFs (+1.89%) to the top of the domestic taxable fixed income leaderboard for the first month in nine, followed by U.S. Mortgage CEFs (+1.82%) and High Yield CEFs (+1.76%). Corporate Debt BBB-Rated CEFs (+0.46%) posted the only negative returns of the group and was bettered by Corporate Debt BBB-Rated CEFs (Leveraged) (+0.58%). On the world income side, strong relative performance from Global Income CEFs (+1.56%) and Emerging Markets Hard Currency Debt CEFs (+1.39%) helped keep the subgroup in the middle of the pack for August.

For the first month in four, the municipal debt CEFs macro-group posted a negative return (-0.53%) on average, with all nine classifications in the group experiencing returns in the red for August. The High Yield Municipal Debt CEFs (-0.16%), Intermediate Municipal Debt CEFs (-0.17%), and General & Insured Municipal Debt CEFs (-0.23%) classifications mitigated losses better than the other classifications in the subgroup, while California Municipal Debt CEFs (-0.83%) was the group laggard. National municipal debt CEFs (-0.42%) mitigated losses better than their single-state municipal debt CEF counterparts (-0.69%) by 27 bps.

Two of the five top-performing individual fixed income CEFs were housed in Lipper's General Bond CEFs classification. At the top of the fixed income universe chart was **BlackRock Multi-Sector Income Trust (BIT)**, housed in the General Bond CEFs classification), returning 6.76% and traded at a 9.78% discount on August 31. Following BIT were **XAI Octagon Floating Rate & Alternative Income Term Trust (XFLT)**, warehoused in the Loan Participation CEFs classification), returning 6.46% and traded at a 5.78% discount at month end; **Invesco High Income 2024 Target Term Fund (IHITA)**, housed in Lipper's U.S. Mortgage CEFs classification), returning 6.16% and traded at a 7.29% discount on August 31; **Barings Global Short Duration High Yield Fund (BGH)**, housed in the High Yield CEFs [Leveraged] classification), posting a 4.67% return and traded at a 11.35% discount at month end; and **PIMCO High Income Fund (PHK)**, housed in the General Bond CEFs classification), adding 4.39% to its July month-end value and traded at a 6.00% premium on August 31.

For the remaining funds in the fixed income CEF universe, monthly NAV-based performance ranged from minus 3.26% for **GL Beyond Income Fund (GLBFX)**, an interval hybrid CEF housed in Lipper's General Bond CEFs classification) to positive 4.16% for **Invesco High Income 2023 Target Term Fund (IHIT)**, housed in Lipper's U.S. Mortgage CEFs classification and traded at an 4.98% discount at month end). The 20 top-performing fixed income CEFs posted returns at or above 3.20%, while the 20 lagging CEFs posted returns at or below negative 0.99% for the month. There were 150 fixed income CEFs that witnessed negative NAV-based performance for August.

Premium and Discount Behavior

For August, the median discount of all CEFs narrowed 15 bps to 8.56%—wider than the 12-month moving average median discount (7.73%). Equity CEFs' median discount narrowed four bps to 11.92%, while fixed income CEFs' median discount narrowed 11 bps to 7.20%. National municipal bond CEFs' median discount witnessed the largest widening among the CEF macro-groups—123 bps to 6.80%—while the high yield CEFs macro-group witnessed the largest narrowing of discounts—222 bps to 7.48%.

Gabelli Utility Trust (GUT), housed in the Utility CEFs classification) traded at the largest premium (+90.63%) in the CEF universe on August 31, while **NexPoint Strategic Opportunities Fund (NHF)**, housed in the High Yield CEFs [Leveraged] classification) traded at the largest discount (-45.70%) at month end.

For the month, 50% of all funds' discounts or premiums improved, while 46% worsened. In particular, 54% of equity CEFs and 47% of fixed income CEFs saw their individual discounts narrow, premiums widen, or premiums replace discounts. The number of funds traded at premiums on August 31 (72) was one less than the number on July 31 (73).

CEF Events and Corporate Actions IPOs

Nuveen has successfully completed the initial public offering of the **Nuveen Dynamic Municipal Opportunities Fund (NDMO)**. The investment objective of the fund is to seek total return through income exempt from regular federal income taxes and capital appreciation. The fund seeks to achieve its investment objective by investing in municipal securities, the interest on which is exempt from regular U.S. federal income tax. The fund began trading on the New York Stock Exchange (NYSE) on August 27. The fund raised \$780 million in its common share offering, excluding any exercise of the underwriters' option to purchase additional shares. If the underwriters exercise that option in full, the fund will have raised approximately \$889 million.

Rights, Repurchases, Tender Offers

Pioneer Floating Rate Trust (PHD) announced that the fund's board of trustees has authorized (subject to certain conditions) a cash tender offer for up to 50% of the fund's outstanding shares of common stock at a price per share equal to 98.5% of the fund's NAV per share as of the business day immediately following the expiration date of the tender offer. The commencement of the tender offer will be announced at a later date. The tender offer will not expire prior to December 20, 2020. The fund will pay for any common shares tendered in the tender offer prior to December 31, 2020. The fund will repurchase shares tendered and accepted in the tender offer in exchange for cash. In the event the tender offer is oversubscribed, shares will be repurchased on a pro rata basis. Amundi Pioneer Asset Management, Inc., the fund's investment advisor, has agreed with the board of the fund to limit ordinary operating expenses of the fund for the benefit of the fund's remaining shareholders. The tender offer is pursuant to a settlement agreement between the fund and Saba Capital Management, L.P., and certain associated parties. Saba has agreed to certain standstill covenants.

The Bulldog-Ancora Group, an entity formed by Bulldog Investors, LLC, and Ancora Advisors, LLC, announced that it terminated its tender offer to acquire up to \$40 million worth of shares of **Adams Natural Resources Fund, Inc. (PEO)**, for cash at a price per share of 90% of NAV of PEO at the close of the regular trading session of the NYSE on the expiration date of August 7, 2020. Consummation of the Bulldog-Ancora tender offer was conditioned on no competing tender offer having been publicly proposed prior to the expiration date. On July 29, 2020, PEO announced that its board of directors approved a tender offer whereby PEO would acquire up to 20% of the fund's outstanding

shares for cash at a price equal to 95% of NAV.

Global Income Opportunities Fund Inc. (BWG) announced additional details concerning its previously announced cash tender offer for up to 20% of the fund's outstanding shares of common stock at a price per share equal to 99.5% of the fund's NAV as of the business day immediately following the expiration date of the tender offer. The fund intended to commence the offer on or about August 25, 2020, with an expiration on or about September 22, 2020, unless extended. If the offer expires on September 22, 2020, the NAV for purposes of the offer would be calculated as of the close of regular trading session on the NYSE on September 23, 2020 (or if the offer is extended, as of the close of the next trading day after the day to which the offer is extended). The fund will repurchase shares tendered and accepted in the offer in exchange for cash. In the event the offer is oversubscribed, shares will be repurchased on a pro rata basis.

Western Asset High Income Fund II Inc. (HIX) announced additional details concerning its previously announced cash tender offer for up to 35% of the fund's outstanding shares of common stock at a price per share equal to 99.5% of the fund's NAV as of the business day immediately following the expiration date of the tender offer. The fund intends to commence the offer on or about October 19, 2020, with an expiration on or about November 16, 2020, unless extended. If the offer expires on November 16, 2020, the NAV for purposes of the offer would be calculated as of the close of regular trading session on the NYSE on November 17, 2020 (or if the offer is extended, as of the close of the next trading day after the day to which the offer is extended). The fund will repurchase shares tendered and accepted in the offer in exchange for cash. In the event the offer is oversubscribed, shares will be repurchased on a pro rata basis.

Clarion Partners Real Estate Income Fund Inc. (CPREIF), which offers **Class S Shares (CPRSX)**, **Class T Shares (CPRTX)**, **Class D Shares (CPRDX)**, and **Class I Shares (CPREX)**, announced that the fund's board of directors has approved a tender offer for up to 5.0% of the fund's aggregate NAV, subject to the right to purchase additional shares representing up to 2.0% of the fund's NAV without amending or extending the offer. The tender offer will be conducted at a price equal to the fund's NAV per share of common stock on the day on which the tender offer expires. The fund intends to commence its tender offer on or about September 16, 2020, with the expiration of the tender offer currently expected to be October 15, 2020. CPREIF is a non-diversified, closed-end investment management company that continuously offers its common stock.



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Western Asset Middle Market Income Fund Inc. (XWMFX) announced that the fund's board of directors has approved a tender offer to purchase for cash up to 2.5% of the fund's outstanding shares of common stock, subject to the right to purchase up to an additional 2% of the fund's outstanding shares without amending or extending the offer. The tender offer will be conducted at a price equal to the fund's NAV on the day on which the tender offer expires. The fund intends to commence its tender offer on or about September 3, 2020, with the expiration of the tender offer currently expected to be October 2, 2020.

Western Asset Global High Income Fund Inc. (EHI) announced additional details concerning its previously announced cash tender offer for up to 50% of the fund's outstanding shares of common stock at a price per share equal to 99.5% of the fund's NAV as of the business day immediately following the expiration date of the tender offer. The fund currently intends to commence the offer on or about October 19, 2020, with an expiration on or about November 16, 2020, unless extended. If the offer expires on November 16, 2020, the NAV for purposes of the offer would be calculated as of the close of regular trading session on the NYSE on November 17, 2020 (or if the offer is extended, as of the close of the next trading day after the day to which the offer is extended). The fund will repurchase shares tendered and accepted in the offer in exchange for cash. In the event the offer is oversubscribed, shares will be repurchased on a pro rata basis.

Mergers and Reorganizations

The Board of Trustees for 11 Nuveen municipal closed-end funds approved five reorganization proposals. The reorganizations are subject to customary conditions, including shareholder approval. The reorganizations are intended to create larger funds with lower operating expenses and increased trading volume on the exchange for common shares. More information on the proposed reorganizations will be contained in proxy materials expected to be filed in the coming weeks. The proposed fund reorganizations are as follows:

Nuveen California Municipal Value Fund 2 (NCB) will be acquired by **Nuveen California Municipal Value Fund, Inc. (NCA)**; **Nuveen New York Municipal Value Fund 2 (NYV)** will be acquired by **Nuveen New York Municipal Value Fund, Inc. (NNY)**; **Nuveen Pennsylvania Municipal Value Fund (NPN)** will be acquired by **Nuveen AMT-Free Municipal Value Fund (NUW)**; **Nuveen New Jersey Municipal Value Fund (NJV)** will be acquired by **Nuveen AMT-Free Municipal Value Fund (NUW)**; **Nuveen Maryland Quality Municipal Income Fund (NMY)** will be acquired by **Nuveen Quality Municipal Income Fund (NAD)**; and **Nuveen Michigan Quality Municipal Income Fund (NUM)** will be acquired by **Nuveen AMT-Free Quality Municipal Income Fund (NEA)**.

Western Asset Variable Rate Strategic Fund Inc. (GFY) announced that the fund's board of directors has set a record date of September 18, 2020, for determining those stockholders of the fund entitled to notice of and to vote at the special meeting of stockholders, or at any adjournment or postponement thereof, to be held on or about November 13, 2020.

The board has approved a plan of liquidation and dissolution of the fund, subject to stockholder approval of the plan in accordance with Maryland law. The board believes that liquidation and dissolution of the fund is in the best interests of the fund because the fund did not receive the requisite vote required by the Investment Company Act of 1940 to approve new management and subadvisory agreements at the special meeting of stockholders of the fund held on July 6, 2020.

Western Asset Corporate Loan Fund Inc. (TLI) announced that the fund's board of directors has set a record date of September 18, 2020, for determining those stockholders of the fund entitled to notice of and to vote at the special meeting of stockholders, or at any adjournment or postponement thereof, to be held on or about November 13, 2020.

The board has approved a plan of liquidation and dissolution of the fund, subject to shareholder approval of the plan in accordance with Maryland law. The board believes that liquidation and dissolution of the fund is in the best interests of the fund because the fund did not receive the requisite vote required by the Investment Company Act of 1940 (the "1940 Act") to approve new management and subadvisory agreements at the special meeting of stockholders of the fund held on July 6, 2020.

These new agreements were proposed in connection with the combination of Legg Mason, Inc., the parent company of the fund's investment manager and subadvisors, and Franklin Resources, Inc., a global investment management organization operating as Franklin Templeton. The closing of the transaction on July 31, 2020, resulted in the automatic termination of the fund's prior management and subadvisory agreements. The fund's manager and subadvisors are currently managing the fund under interim agreements.

BlackRock Advisors, LLC, announced that at a special meeting of shareholders of **BlackRock New York Municipal Bond Trust (BQH)**, the requisite shareholders of BQH approved the merger of BQH into **BlackRock New York Municipal Opportunities Fund (MENKX)** and together with BQH, the funds), an open-end mutual fund and a series of BlackRock Multi-State Municipal Series Trust, with MENKX being the surviving fund. Common shareholders of BQH who become shareholders of MENKX will be permitted to redeem, purchase, or exchange shares of MENKX received in the merger at the then-current NAV.

It is currently expected that the merger will be effective at the opening of business of the NYSE on October 26, 2020, subject to the satisfaction of customary closing conditions and the prior redemption of all of BQH's outstanding variable rate demand preferred shares. Common shareholders of BQH who become shareholders of MENKX will receive newly issued Investor A Shares of MENKX in the merger. The aggregate NAV of MENKX Investor A Shares received by BQH common shareholders will be equal to the aggregate NAV of the common shares of BQH held by its common shareholders, in each case as of the close of business on the business day immediately prior to the closing date of the merger.

NexPoint Strategic Opportunities Fund (NHF), a closed-end fund managed by NexPoint Advisors, L.P., announced the results of the special meeting of shareholders, which took place on August 28. At the special meeting, shareholders approved the proposal to convert

the fund from a registered investment company to a diversified real estate investment trust (REIT) and to amend certain fundamental investment restrictions. The advisor announced the business change proposal on June 19, 2020, in conjunction with a preliminary proxy filing. It filed a definitive proxy statement on July 10, 2020. The fund's board of trustees, which includes members who are not interested persons of the fund, believes the business change proposal provides the best path to increase shareholder value over time. Shareholders likewise supported this path in voting to approve the business change proposal.

Other

The Korea Fund, Inc. (KF) announced that it is pursuing arrangements with JPMorgan Asset Management (Asia Pacific) Limited to serve as investment manager and administrator of the fund. This follows a search process conducted by the fund's board in light of Allianz Global Investors U.S. LLC's decision to transition away from the business of serving as sponsor/administrator of U.S. registered open- and closed-end funds. The change would result in the transition of the fund's day-to-day portfolio management, administration, fund accounting, custody, and other services to JPMorgan. The fund's contemplated transition to JPMorgan is subject to board approval of applicable contracts and related terms and arrangements, and to approval by the fund's stockholders. If approved, the fund expects the transition to take place in January 2021.

Neuberger Berman High Yield Strategies Fund Inc. (NHS) announced that it has successfully refinanced a portion of its leverage by completing a private placement of 7,600,000 mandatory redeemable preferred shares with an aggregate liquidation preference of \$95,000,000 to a major unaffiliated financial institution. The preferred shares pay dividends based on a floating rate and have a term of three years. The fund used the proceeds from the issuance of the preferred shares, without interrupting its leveraged investment program, to prepay a portion of its outstanding floating rate senior notes and repurchase preferred stock it had previously issued. In connection with the refinance transaction, the total amount of leverage employed by the fund has not changed.

The leverage refinancing announced today follows recent periods of extreme market volatility during which management and the fund's board of directors closely monitored, among other things, the amount of leverage employed by the fund, as well as the effect of market conditions on the value of the fund's investments and the fund's ability to comply with the asset coverage requirements of the Investment Company Act of 1940, as amended. Management and the board believe that the amended leverage structure provides the fund with an enhanced ability to withstand potential market volatility and better positions the fund to avoid having to sell securities into volatile markets in order to comply with required asset coverage levels.

The following closed-end funds advised by Legg Mason Partners Fund Advisor, LLC, announced election to opt in to Maryland Control Share Acquisition Act: **ClearBridge MLP and Midstream Fund Inc. (CEM)**, **ClearBridge Energy Midstream Opportunity Fund Inc. (EMO)**, **ClearBridge MLP and Midstream Total Return Fund Inc. (CTR)**, **BrandywineGLOBAL - Global Income Opportunities Fund Inc. (BWG)**, **LMP Capital and Income Fund Inc. (SCD)**, **Western Asset Emerging Markets Debt Fund Inc. (EMD)**, **Western Asset Global Corporate Defined Opportunity Fund Inc. (GDO)**, **Western Asset Global High Income Fund Inc. (EHI)**, **Western Asset High Income Fund II Inc. (HIX)**, **Western Asset High Income Opportunity Fund Inc. (HIO)**, **Western Asset High Yield Defined Opportunity Fund Inc. (HYI)**, **Western Asset Intermediate Muni Fund Inc. (SBI)**, **Western Asset**

Investment Grade Defined Opportunity Trust Inc. (IGI), **Western Asset Managed Municipals Fund Inc. (MMU)**, **Western Asset Mortgage Opportunity Fund Inc. (DMO)**, **Western Asset Municipal Defined Opportunity Trust Inc. (MTT)**, **Western Asset Municipal High Income Fund Inc. (MHF)**, and **Western Asset Municipal Partners Fund Inc. (MNP)**.

Each of the funds announced that it has elected, by resolution unanimously adopted by the board of directors of the fund, to be subject to the Maryland Control Share Acquisition Act (the "MCSAA"), effective immediately. The MCSAA protects the interests of all shareholders of a Maryland corporation by providing that any holder of "control shares" acquired in a "control share acquisition" will not be entitled to vote its shares unless the other shareholders of the corporation reinstate those voting rights at a meeting of shareholders by a vote of two-thirds of the votes entitled to be cast on the matter, excluding the "acquiring person" (i.e., the holder or group of holders acting in concert that acquires, or proposes to acquire, "control shares") and any other holders of "interested shares" as defined in the MCSAA. Generally, "control shares" are shares that, when aggregated with shares already owned by an acquiring person, would entitle the acquiring person to exercise 10% or more, 33 1/3% or more, or a majority of the total voting power of shares entitled to vote in the election of directors.

Application of the MCSAA seeks to limit the ability of an acquiring person to achieve a short-term gain at the expense of a fund's ability to pursue its investment objective and policies and seek long-term value for the rest of the fund's shareholders.

Tekla Healthcare Investors (HQH) declared a stock distribution of \$0.49 per share. The record date for the stock distribution was August 28, 2020, and the payable date is September 30, 2020. The fund traded ex-distribution on August 27, 2020.

This stock distribution will automatically be paid in newly issued shares of the fund unless otherwise instructed by the shareholder. The shares will be valued at the lower of the NAV or market price on the pricing date, September 22, 2020. Fractional shares will generally be settled in cash, except for registered shareholders with book entry accounts at the transfer agent who will have whole and fractional shares added to their account. Shareholders may request to be paid in cash instead of shares by responding to the bank, brokerage, or nominee who holds the shares if the shares are in "street name" or by filling out an election card received from Computershare Investor Services shortly after the record date if the shares are in registered form.

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