FUNDMARKET INSIGHT REPORT

LIPPER RESEARCH SERIES

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The Month in Closed-End Funds: March 2019

Performance

For the third month in a row, equity CEFs on average witnessed plus-side performance on both a NAV and market basis, rising 1.65% and 1.84%, respectively, for March. Also, for the third consecutive month, their fixed income CEF counterparts posted returns in the black on both a NAV (+1.39%) and market basis (+1.48%). Investors remained cautiously optimistic the trade talks between the U.S. and China were progressing, but they were taken aback early in the month by a disappointing February nonfarm payrolls report. The NASDAQ Composite Price Only Index (+2.61%) and the S&P 500 Price Only Index (+1.79%) posted the strongest February returns of the U.S. broad-based indices, while the Russell 2000 Price Only Index (-2.27%) witnessed the only loss of the group. On the global side, the Shanghai Composite Price Only Index posted a handsome 4.56% return for the month, while the Xetra DAX Total Return Index posted a 1.30% loss for the month.

At the beginning of March, investors pushed the S&P 500 Index above the 2,800 mark for the first time since November on trade optimism that the negotiations between China and the U.S. could conclude relatively soon. However, a lower-than-expected reading of the ISM manufacturing index capped upside returns, while a disappointing nonfarm payrolls report and a slump in Chinese exports weighed on the markets. This pushed the Dow Jones Industrial Average to its longest losing streak since June 2018 (five consecutive days).

The Department of Labor announced the U.S. economy added only 20,000 new jobs for February, missing analyst expectations of 178,000. However, the unemployment rate declined to 3.8% from 4.0% in January, while workers witnessed an 11-cent increase in average hourly earnings, their largest increase since 2009. Investors focused on signs of slowing global growth after Chinese officials reported that China's exports fell 20.7% from a year earlier in February, data showed German manufacturing orders fell sharply lower in January, and the European Central Bank announced measures to support a slowing economy.

However, the following week, the NASDAQ closed at a five-month high on news that Chinese Premier Li Keqiang expressed optimism a trade deal could be achieved. In addition, Li pledged to maintain strong stimulus measures to help curtail a recent trend in slowing global growth. Investors were further encouraged after the University of Michigan released a preliminary reading of its March consumer sentiment index showing a rise to 97.8 from 93.8 in February.

Stocks suffered another large decline a week later, logging their worst day in more than two-and-half months after disappointing economic data in both Europe and the U.S. stoked global growth fears and the yield curve inverted at some maturities for the first time since 2007. The Eurozone's March PMI pointed toward a slowdown, while growth in the U.S. manufacturing sector slowed to a 21-month low, according to IHS Markit's purchasing managers index. Equities were pressured after the spread between the three-month Treasury bill and the ten-year note inverted for the first time since 2007, which is often viewed as a precursor to recession.

The Month in Closed-End Funds: March 2019

- For the third month in a row, equity closed-end funds (CEFs) and fixed income CEFs on average witnessed plus-side returns, rising 1.65% and 1.39%, respectively, on a net-asset-value (NAV) basis for March.
- Only 16% of all CEFs traded at a premium to their NAV, with 18% of equity CEFs and 15% of fixed income CEFs trading in premium territory. The high yield CEFs macro-classification witnessed the largest narrowing of discounts for the month among Lipper's CEF macro-groups—62 basis points (bps) to 8.64%.
- Energy MLP CEFs (+4.74%) posted the strongest returns of all equity CEF classifications for the month.
- The California Municipal Debt CEFs classification (+2.62%) posted the strongest plus-side returns in the fixed income universe for the month.
- For the fifth month in a row, the municipal debt CEFs macro-group posted a plus-side return on average (+2.31%), with all classifications in the group witnessing positive returns for March.

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For the month of March, the Treasury curve shifted down, with yields falling between 25 bps and 32 bps for maturities of two years or greater, while yields at the shorter-end of the curve declined only 1-14 bps. The seven- and ten-year yields witnessed the largest declines for the month—each falling 32 bps to 2.31% and 2.41%, respectively, while the one-month yield saw the smallest decline—1 bp, to 2.43%. The two-/ten-year Treasury spread ended the month at 14 bps after a decline to 13 bps on March 21 and 22. The one- (+2.43%), two- (+2.44%), and six-month (+2.44%) Treasury yields were all inverted in comparison to the ten-year yield (+2.41%) on March 29.

For March, the dollar strengthened against the euro (+1.36%) and the pound (+1.86%), but weakened against the yen (-0.62%). Commodity prices were mixed for the month, with near-month gold prices declining 1.51% to close the month at $1,293/ounce, and with front-month crude oil prices rising 5.10% to close at $60.14/barrel.

For the month, 87% of all CEFs posted NAV-based returns in the black, with 89% of equity CEFs and 85% of fixed income CEFs chalking up returns in the plus column. For the second month in three, Lipper's domestic equity CEFs macro-group (+2.03%) outpaced its two equity-based brethren: mixed-asset CEFs (+1.07%) and world equity CEFs (+1.04%).

For the second month in three, the Energy MLP CEFs classification (+4.74%) outperformed all other equity classifications, followed by Natural Resources CEFs (+2.93%) and Utility CEFs (+2.66%). Pacific ex-Japan CEFs (-1.49%) was the laggard of the equity universe, bettered by Developed Markets CEFs (+0.51%) and Convertible Securities CEFs (+0.60%). For the remaining equity classifications, returns ranged from 0.76% (Global CEFs) to 2.43% (Growth CEFs).

The two top-performing equity CEFs were housed in the Emerging Markets CEFs classification. At the top of the chart was **Morgan Stanley India Investment Fund, Inc. (IIF)**, rising 11.00% on a NAV basis and traded at an 11.85% discount on March 29. IIF was followed by **India Fund, Inc. (IFN)**, gaining 7.31% and traded at a 9.60% discount at month-end; **Center Coast Brookfield MLP & Energy Infrastructure Fund (CEN**, housed in Lipper's Energy MLP CEFs classification**)**, rising 7.00% and traded at a 1.19% discount on March 29; **Tortoise Pipeline & Energy Fund, Inc. (TTP**, warehoused in the Natural Resources CEFs classification**)**, gaining 6.20% and traded at a 12.19% discount at month-end; and **Goldman Sachs MLP Income Opportunities Fund (GMZ**, housed in the Energy MLP CEFs classification**)**, posting a 6.10% return and traded at a 7.70% discount on March 29.

For the month, the dispersion of performance in individual equity CEFs—ranging from minus 7.93% to positive 11.00%—was narrower than February's spread and more skewed to the positive side. The 20 top-performing equity CEFs posted returns at or above

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 Funds	89	51	46	18	82
Bond Funds	85	44	52	15	84
ALL CEFs	**87**	**47**	**49**	**16**	**83**

TABLE 2 AVERAGE NAV RETURNS, SELECTED PERIODS (%)

	MARCH	YTD	3-MONTH	CALENDAR-2018
Equity Funds	1.65	11.95	11.95	-8.89
Bond Funds	1.39	4.74	4.74	-0.76
ALL CEFs	**1.51**	**7.89**	**7.89**	**-7.28**

TABLE 3 NUMBER OF IPOs, YTD VERSUS PRIOR YEAR

	MARCH 2019	CALENDAR-2018
Conventional CEFs	2	3
Interval CEFs	5	33

TABLE 4 AVERAGE SIZE OF IPOs, SELECTED PERIODS, $MIL

3 MONTHS THROUGH 2/28/2019	70
COMPARABLE YEAR-EARLIER THREE MONTHS	453
CALENDAR 2017 AVERAGE	94

TABLE 5 NUMBER OF MERGERS & LIQUIDATIONS, YTD VERSUS PRIOR YEAR

	MARCH 2019	CALENDAR-2018
ALL CEFs	**10**	**40**

Source: Lipper

4.69%, while the 20 lagging equity CEFs were at or below minus 0.32%.

For the month, 27 CEFs in the equity universe posted negative returns. The worst performing fund was housed in the Sector Equity CEFs classification: **John Hancock Financial Opportunities Fund (BTO)** shed 7.93% of its February-closing NAV price and traded at a 1.01% premium on March 29. The second worst performing CEF was **RENN Fund, Inc. (RCG**, warehoused in the Global CEFs classification**)**, declining 3.68% and traded at a 6.56% discount at month-end.

As mentioned earlier, the Treasury yield shifted down during the month. The ten-year Treasury yield settled down 32 bps for the month, at 2.41%, after dipping to 2.39% on March 27 and 28. For the first month in three, municipal bond CEFs jumped to the top of the leaderboard, posting a plus-side return on average (+2.31%), followed by taxable fixed income CEFs (+0.70%) and world income CEFs (+0.34%).

All but one of the domestic taxable fixed income CEF classifications posted plus-side returns for the month, with Corporate Debt BBB-Rated CEFs (+2.12%, February's relative laggard), Corporate Debt BBB-Rated CEFs (Leveraged) (+1.85%), and U.S. Mortgage CEFs (+1.18%) posting the strongest returns of the group. Loan Participation CEFs (-0.13%) and High Yield CEFs (+0.78%) were the sub-group's relative laggards. The world income CEFs macro-group was helped by plus-side performance from Global Income CEFs (+0.79%), but held back by the Emerging Markets Debt CEFs (-0.63%) classification.

For the fifth consecutive month, the municipal debt CEFs macro-group posted a return in the black (+2.31%) on average, with all the classifications in the group experiencing plus-side returns for March. The California Municipal Debt CEFs (+2.62%), New York Municipal Debt CEFs (+2.42%), and General & Insured Municipal Debt CEFs (Leveraged) (+2.40%) classifications posted the strongest returns of the group, while Intermediate Municipal Debt CEFs (+1.22%) was the relative laggard. National municipal debt CEFs (+2.27%) underperformed their single-state municipal debt CEF counterparts (+2.37%) by 10 bps.

Three of the five top-performing individual fixed income CEFs were housed in Lipper's General & Insured Municipal Debt CEFs (Leveraged) classification. However, at the top of the fixed income universe chart were **BlackRock Taxable Municipal Bond Trust (BBN**, housed in the General Bond CEFs classification**)**, returning 4.31% and traded at a 4.23% discount on March 29 and **PIMCO New York Municipal Income Fund (PNF**, warehoused in Lipper's New York Municipal Bond CEFs classification**)**, returning 4.05% and traded at a 12.86% premium at month-end. Following BNN and PNF were **PIMCO Municipal Income Fund II (PML)**, returning 4.00% and traded at a 17.81% premium on March 29; **PIMCO Municipal Income Fund (PMF)**, posting a 3.88% return and traded at a 9.97% premium at month-end; and **PIMCO Municipal Income Fund III (PMX)**, tacking 3.87% onto its February month-end value and traded at a 15.34% premium on March 29.

For the remaining funds in the fixed income CEFs universe, monthly NAV-based performance ranged from minus 1.79% for **Morgan Stanley Emerging Markets Domestic Debt Fund, Inc. (EDD**, housed in Lipper's Emerging Markets Hard Currency Debt CEFs classification and traded at a 11.73% discount on March 29**)** to 3.84% for **PIMCO New York Municipal Income Fund II (PNI**, housed in Lipper's New York Municipal CEFs classification and traded at a 7.93% premium at month-end**)**. The 20 top-performing fixed income CEFs posted returns at or above 3.05%, while the 20 lagging CEFs were at or below 0.50%. There were 49 fixed income CEFs that witnessed negative NAV-based performance for March.

Premium and Discount Behavior

For March, the median discount of all CEFs widened 14 bps to 7.86%—still narrower than the 12-month moving average median discount (8.53%). Equity CEFs' median discount narrowed 8 bps to 7.55%, while fixed income CEFs' median discount widened 24 bps to 8.02%. High yield bond CEFs' median discount witnessed the largest narrowing among the CEF macro-groups—62 bps to 8.64%, while the world income CEFs macro-group witnessed the largest widening of discounts—123 bps to 7.79% (excluding the equity CEFs macro-group).

PIMCO Global StocksPLUS & Income Fund (PGP, housed in the Options Arbitrage/Options Strategies CEFs classification**)** traded at the largest premium (+55.89%) in the CEFs universe on March 29, while **Dividend and Income Fund (DNI**, housed in the Income & Preferred Stock CEFs classification**)** traded at the largest discount (-22.51%) at month-end.

For the month, 47% of all funds' discounts or premiums improved, while 49% worsened. In particular, 51% of equity CEFs and 44% of fixed income CEFs saw their individual discounts narrow, premiums widen, or premiums replace discounts. The number of funds traded at premiums on March 29 (80) was six more than the number on February 28 (74).

CEF Events and Corporate Actions
IPOs

1WS Capital Advisors, LLC, the individual investor-focused affiliate of One William Street Capital Management L.P., announced the launch of the **1WS Credit Income Fund (OWSCX)**. 1WS Credit Income Fund is a closed-end interval fund seeking to generate attractive risk-adjusted total return, including current income from a portfolio of primarily structured credit and asset-based debt opportunities (residential real estate, commercial real estate, consumer and other asset-based investments in the form of loans and securities) the firm believes are typically underweight in many core fixed income mandates. 1WS Credit Income Fund is the firm's first public offering aimed at delivering, to individual investors, some of the opportunistic credit capabilities and differentiated asset exposures historically available primarily through institutional private fund vehicles.

BlackRock Credit Strategies Fund, Institutional Class Shares (CREDX) is a newly organized, non-diversified, closed-end management investment company that operates as an interval fund. The fund is an interval fund, a type of fund which, in order to provide liquidity to shareholders, has adopted a fundamental investment policy to make quarterly offers to repurchase between 5% and 25% of its outstanding common shares of beneficial interest at NAV, reduced by any applicable repurchase fee. Subject to applicable law and approval of the fund's board of trustees, for each quarterly repurchase offer, the fund currently expects to offer to repurchase 5% of the fund's outstanding shares at NAV—the minimum amount permitted. It is possible a repurchase offer may be oversubscribed, with the result shareholders may only be able to have a portion of their shares repurchased. Under normal conditions, the fund intends to invest at least 80% of its managed assets in fixed-income securities, with an emphasis on public and private corporate credit. The fund may invest without limit in fixed-income securities across several investment sectors including, but not limited to: fixed-income securities rated below investment grade; investment grade corporate bonds; fixed-income securities issued by governmental entities (including supranational entities), their agencies and instrumentalities; mezzanine investments; collateralized loan obligations; bank loans; mortgage-related and asset-backed securities; and other fixed- and floating- or variable-rate obligations. The fund may invest in such fixed-income securities of issuers located in the United States and non-U.S. countries, including emerging market countries.

There were two other interval funds that began trading in March: **Cliffwater Corporate Lending Fund, Class I Shares (CCLFX)** and **PIMCO Flexible Municipal Income Fund, Institutional Share Class (PMFLX)**.

Tortoise announced the launch of **Tortoise Essential Assets Income Term Fund**. The fund raised $260 million, and if underwriters fully exercise their overallotment option—which may or may not occur—it will have raised approximately $296 million. The fund's shares commenced trading on the New York Stock Exchange (NYSE) on April 1 under the symbol **TEAF**. The fund is intended to provide investors with exposure to essential asset sectors across all levels of an issuer's capital structure, including access to direct investments that may not otherwise be widely available to many investors. The fund will emphasize income-generating investments in social infrastructure, sustainable infrastructure, and energy infrastructure. It will provide investors with access to the skill and experience of the Tortoise platform, with deep expertise in essential assets and income investing.

Rights, Repurchases, Tender Offers

High Income Securities Fund, Inc. (PCF) announced it had extended its tender offer to purchase up to 55% of its outstanding shares (or approximately 7,111,696 shares) for cash at 99% of the per share NAV as of the close of regular trading on the NYSE on the expiration date from 5:00 p.m. Eastern Daylight Time on March 15, 2019, to 5:00 p.m. EDT on March 18, 2019, unless the tender offer was further extended. As of 5:00 p.m. EDT on March 15, 2019, 7,544,194.92 shares had been validly tendered. Until 5:00 p.m. EDT on March 18, 2019, any shares not previously tendered could be tendered and any shares previously tendered could be withdrawn unless the tender offer was further extended. The purpose of the extension was to allow affiliates of certain trustees to withdraw a sufficient number of shares they previously tendered in order to enable unaffiliated shareholders to sell all their shares at the tender offer price if they so desired.

BlackRock Debt Strategies Fund, Inc. announced March 1, 2019, the results of the second measurement period under its previously announced three-year discount management program expected to end in 2020. The program is part of the fund's ongoing efforts to enhance long-term shareholder value and provide liquidity to the market for its common shareholders.

As previously announced, under the program, the fund intends to offer to repurchase its common shares based on three, three-month measurement periods if the fund's common shares trade at an average daily discount to NAV of greater than 7.5% during a measurement period (a "trigger event"). The fund's second measurement period commenced on December 1, 2018, and ended on February 28, 2019 (the "second measurement period"). The fund's board

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of directors determined that if a trigger event occurred during the second measurement period, the fund would offer to repurchase its outstanding common shares by conducting a tender offer for 5% of its outstanding common shares at a price equal to 98% of the fund's NAV per share as determined as of the close of the regular trading session of the NYSE on the day after the tender offer expires. During the second measurement period, the fund's average daily discount to NAV was 12.9%. As a result, the fund announced on March 15 it would purchase for cash up to 5% of its outstanding shares of common stock at a price equal to 98% of the NAV per share as determined as of the close of the regular trading session of the NYSE on the first business day after the tender offer expires. The tender offer will expire on April 15, 2019, at 5:00 p.m. EDT, unless otherwise extended. Additional terms and conditions of the fund's tender offer were set forth in the relevant tender offer materials, which were distributed to the fund's common shareholders. If more than 5% of the fund's outstanding common shares are tendered, the fund will purchase its shares from tendering shareholders on a pro rata basis at a price equal to 98% of the fund's NAV per share as determined as of the close of the regular trading session of the NYSE on the day after the tender offer expires.

Tekla Healthcare Investors (HQH), **Tekla Healthcare Opportunities Fund (THQ)**, **Tekla Life Sciences Investors (HQL)**, and **Tekla World Healthcare Fund (THW)** each separately announced their boards of trustees authorized a renewal of their share repurchase programs. The current share repurchase programs allow the funds to purchase in the open market up to 12% of outstanding common shares for a one-year period ending July 14, 2019. The renewal will allow the funds to purchase in the open market up to 12% of their outstanding common shares for a one-year period ending July 14, 2020. The boards authorized the share repurchase programs as a result of periodic reviews of the options available to enhance shareholder value and potentially reduce the discount between the market price of the funds' shares and the NAVs per share. The share repurchase programs are intended to increase the funds' NAV per share and could also have the benefit of providing additional liquidity in the trading of shares.

Eaton Vance Municipal Bond Fund (EIM) announced its board of trustees authorized a cash tender offer for up to 10% of its outstanding common shares at a price per share equal to 98% of the fund's NAV per share as of the close of regular trading on the NYSE on the date the tender offer expires (the "firm tender offer"). The firm tender offer was expected to begin on or about April 18, 2019, and expires at 5:00 p.m. EDT on or about May 17, 2019, unless extended. The pricing date is also expected to be May 17, 2019, unless the firm tender offer is extended.

The board also authorized the fund to conduct two conditional cash tender offers to follow the firm tender offer, provided certain conditions are met. Specifically, as soon as reasonably practicable after the firm tender offer closes, the fund will announce via press release the commencement of a 120-day period. If, during such period, the fund's common shares trade at an average discount to NAV of more than 6% ("first trigger event"), the fund will conduct an additional tender offer (the "initial conditional tender offer") beginning within 30 days of the end of the month in which the first trigger event occurs. The initial conditional tender offer will be for up to 5% of the fund's then-outstanding common shares at 98% of NAV per share as of the close of regular trading on the NYSE on the date the tender offer expires.

If the initial conditional tender offer occurs, the fund will announce via press release the commencement of a second 120-day period. If, during such period, the fund's common shares trade at an average discount to NAV of more than 6% ("second trigger event"), the fund will conduct an additional tender offer (the "second conditional tender offer" and, collectively with the firm tender offer and the initial conditional tender offer, the "tender offers") beginning within 30 days of the end of the month in which the second trigger event occurs. The second conditional tender offer will be for up to 5% of the fund's then-outstanding common shares at 98% of NAV per share as of the close of regular trading on the NYSE on the date the tender offer expires. The second conditional tender offer will not commence and the fund will not announce a second 120-day period unless the initial conditional tender offer occurs.

Kayne Anderson Midstream/Energy Fund, Inc. (KMF) announced its board of directors approved a program to purchase up to $20 million of the fund's common stock. The board decided to implement the share repurchase program because it believes KMF represents a compelling investment opportunity at its current discount. The board also expects the repurchase program will increase NAV per share through the accretive nature of the purchases, an associated benefit of the program. As of March 27, 2019, the fund's common stock was trading at a 14% discount to NAV. The repurchase program will continue until the earlier of (i) the repurchase of $20 million of common stock or (ii) September 30, 2019. The fund will have discretion to authorize its agents to make purchases on the open market when shares are trading at a discount of at least 8% to the fund's NAV per share.

Mergers and Reorganizations

On February 28, 2019, shareholders of **Eaton Vance Municipal Bond Fund II (EIV)** approved the merger of EIV into **Eaton Vance Municipal Bond Fund (EIM)**. The merger was completed as of the close of business of the NYSE on March 22, 2019, and was subject to the satisfaction of customary closing conditions. Each EIV shareholder was issued common shares of EIM at an exchange ratio based on the funds' respective NAV per share. The exchange ratio at which common shares of EIV were converted to common shares of EIM was 0.982064. Fractional shares of EIM common stock were not issued in the merger and consequently cash will be distributed for any such fractional amounts.

Other

Dreyfus High Yield Strategies Fund (DHF), **Dreyfus Municipal Bond Infrastructure Fund, Inc. (DMB)**, **Dreyfus Municipal Income, Inc. (DMF)**, **Dreyfus Strategic Municipal Bond Fund, Inc. (DSM)**, **Dreyfus Strategic Municipals, Inc. (LEO)**, and **Dreyfus Alcentra Global Credit Income 2024 Target Term Fund, Inc. (DCF)** each announced that effective on or about June 3, 2019, each fund will change its name as follows: from Dreyfus High Yield Strategies Fund to **BNY Mellon High Yield Strategies Fund**; Dreyfus Municipal Bond Infrastructure Fund, Inc. to **BNY Mellon Municipal Bond Infrastructure Fund, Inc**.; Dreyfus Municipal Income, Inc. to **BNY Mellon Municipal Income, Inc.**; Dreyfus Strategic Municipal Bond Fund, Inc. to **BNY Mellon Strategic Municipal Bond Fund, Inc.**; Dreyfus Strategic Municipals, Inc. to **BNY Mellon Strategic Municipals, Inc.**; and Dreyfus Alcentra Global Credit Income 2024 Target Term Fund, Inc. to **BNY Mellon Alcentra Global Credit Income 2024 Target Term Fund, Inc.**

Each fund's NYSE or NYSE American symbol, as applicable, will not change. In addition, on the effective date, the Dreyfus Corporation, the primary mutual fund business of The Bank of New York Mellon Corporation and each fund's investment adviser and administrator, will change its name to BNY Mellon Investment Adviser, Inc.

PGIM Short Duration High Yield Fund, Inc. (ISD) and **PGIM Global Short Duration High Yield Fund, Inc. (GHY)** announced the board of directors of the funds approved a change to the investment policy for each fund, effective March 8, 2019. The funds changed certain non-fundamental investment policies to permit them to invest, under normal market conditions, in instruments of any duration or maturity and to remove the limit on investments in high-yield instruments rated in the lower rating categories (Caa1 or lower by Moody's, CCC+ or lower by S&P or Fitch, or comparably rated by another NRSRO). Effective immediately, PGIM Short Duration High Yield Fund, Inc. will be renamed **PGIM High Yield Bond Fund, Inc.** and PGIM Global Short Duration High Yield Fund, Inc. will be renamed **PGIM Global High Yield Fund, Inc.**

The Mexico Fund, Inc. (MXF) announced the board of directors of the fund and Impulsora del Fondo México, S.C. (Impulsora), the fund's investment adviser, have jointly agreed to a significant reduction in fund expenses in response to fee trends in the asset management industry to support the continued long-term performance of the fund, and to further the interests of fund shareholders by continuing to deliver a competitively priced investment vehicle providing exposure to Mexican equities.

Specifically, Impulsora will waive fees and/or reimburse expenses (excluding amounts payable via the performance adjustment factor under the fund's investment advisory agreement, taxes, interest, brokerage fees and any non-recurring expenses) to the extent necessary so that the fund's ordinary annual expense ratio does not exceed 1.50% beginning on April 1, 2019, through October 31, 2020, so long as fund net assets remain greater than $200 million.

Highland Floating Rate Opportunities Fund (HFRO) announced the fund will change its name to **Highland Income Fund**, effective May 20, 2019. The fund's CUSIP (43010E404) will not change. The fund's investment objective—to provide a high level of current income consistent with preservation of capital—will also remain the same. The fund will continue to invest in floating-rate loans and other securities deemed to be floating-rate instruments. However, the fund will expand its investment strategy and remove the fund's policy of investing at least 80% of its net assets in such securities under normal circumstances (the 80% policy).

The fund will pursue its investment objective by investing primarily in the following categories of securities and instruments: (i) floating-rate loans and other securities deemed to be floating-rate investments; (ii) investments in securities or other instruments directly or indirectly secured by real estate (including real estate investment trusts (REITs), preferred equity, securities convertible into equity securities and mezzanine debt); and (iii) other instruments including, but not limited to, secured and unsecured fixed-rate loans and corporate bonds, distressed securities, mezzanine securities, structured products (including, but not limited to, mortgage-backed securities, collateralized loan obligations and asset-backed securities), convertible and preferred securities, equities (public and private), and futures and options.

Once effective, the fund will no longer be required to invest at least 80% of its assets in floating-rate loans and other securities deemed to be floating-rate investments. Highland Capital Management Fund Advisors, L.P., the fund's investment adviser, believes the change will expand the fund's universe of opportunistic investments and provide additional flexibility when investing outside of floating-rate instruments. Until the effective date, the fund will continue to invest in accordance with the 80% policy. Once the changes take place, the adviser still expects to invest a significant portion of the fund's portfolio in floating-rate securities.

For immediate assistance, feel free to contact Lipper Client Services toll-free at 877.955.4773 or via email at LipperUSClientServices@thomson.com. For more information about Lipper, please visit our website at refinitiv.com/en or lipperalphainsight.com

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