

Closed-End Fund Activism Surges, Shows Need for Congressional Action

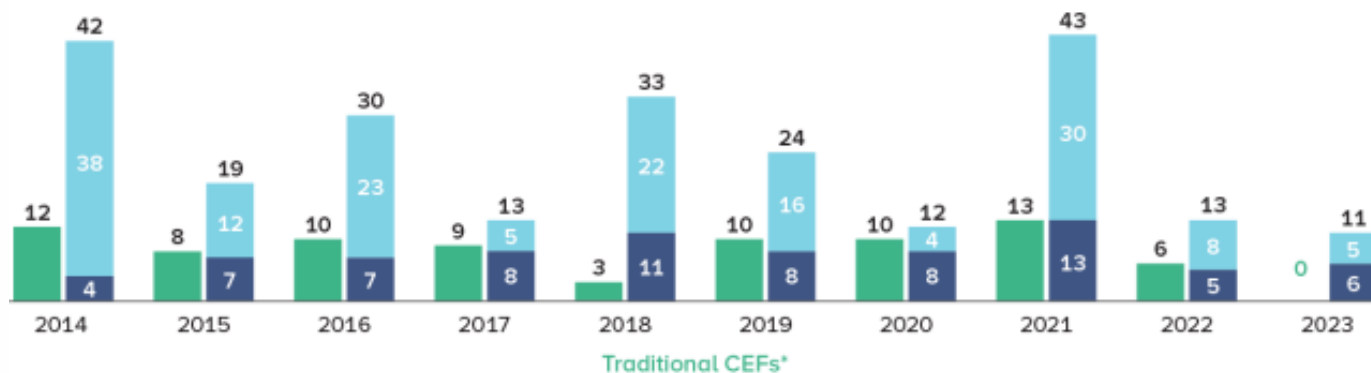
Washington, DC; May 14, 2024—ICI's latest research shows that the number of traditional closed-end funds (CEFs) has continuously fallen for more than a decade as pressure from activist investors has surged. The report, *The Closed-End Fund Market, 2023*, takes a close look at the latest trends in the CEF market. The research shows that no new traditional CEFs opened in 2023 as a record number of traditional CEFs were targeted by activist investors.

"Pressure from activist shareholders surged last year, with a record number of traditional CEFs being targeted compared with any year back to 2000," said Shelly Antoniewicz, ICI Deputy Chief Economist. "The increased shareholder activism has impacted the market so much that no new traditional CEFs opened for the first time in more than a decade."

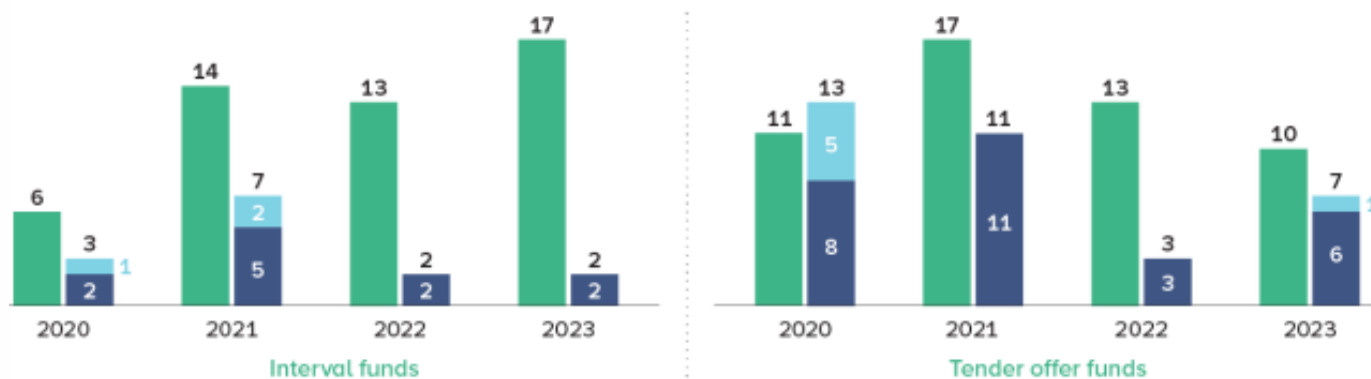
"Activist investors' disruptive tactics are damaging the sector in pursuit of their own short-term profits. Last year, 90 percent of shareholder activism was concentrated among just three shareholders who held shares in more than half of all traditional closed-end funds," said ICI CEO and President Eric Pan. "Over the past 80 years, CEFs have built a strong track record of helping investors save for the future. The House of Representatives recently passed legislation with strong bipartisan support that would protect the millions of Americans who use CEFs for retirement income. The Senate should make it a priority to pass this legislation too."

No Traditional CEFs Entered the Market in 2023

■ Launched
■ Merged
■ Liquidated



Meanwhile, a Substantial Number of Interval and Tender Offer Funds Continued to Launch



*Data for traditional CEFs prior to 2018 may include a small number of interval funds or tender offer funds.

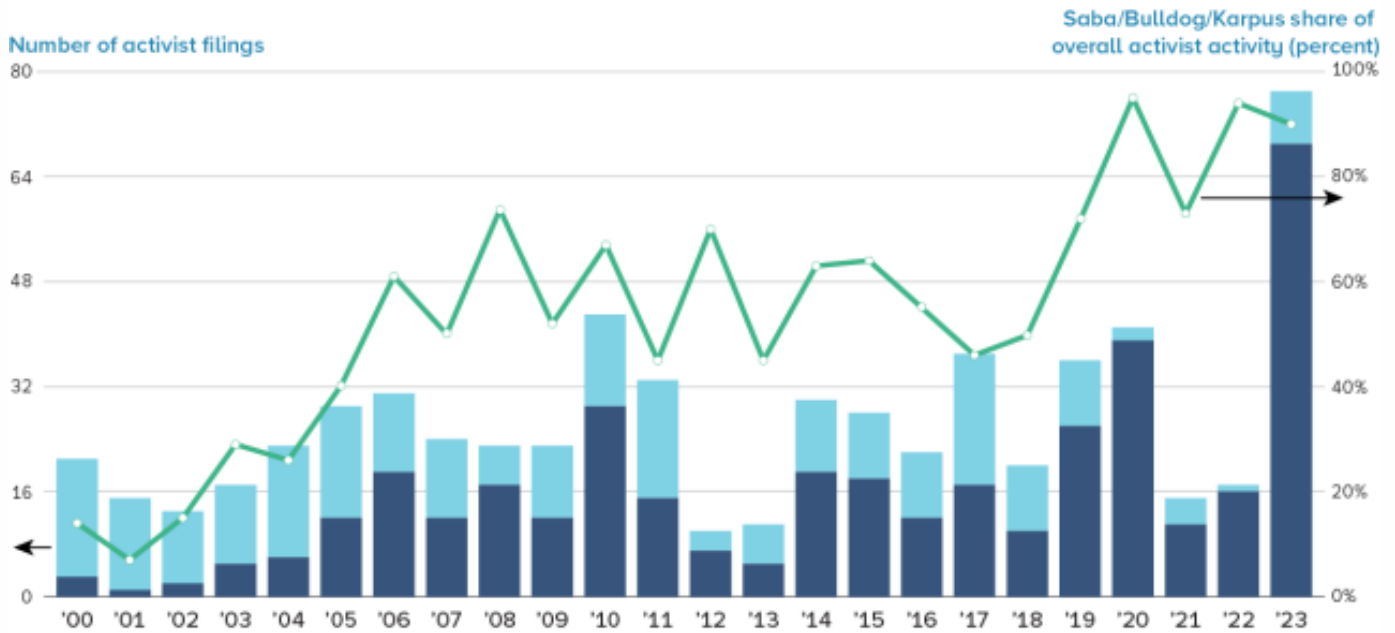
Note: Data include CEFs that do not report statistical information to the Investment Company Institute and CEFs that invest primarily in other CEFs.

Source: Investment Company Institute

Shareholder activism has grown increasingly concentrated in recent years. Activist shareholders have historically claimed that their involvement benefits all CEF shareholders, including long-term shareholders, and will lead to improvements in the fund’s discount. Any improvements, however, tend to be short-lived as the report shows that activist involvement generally has no long-term effects on CEF discounts.

Activist Activity Surged in 2023 and Is Highly Concentrated

Other activists
Saba/Bulldog/Karpus



Source: Investment Company Institute calculations of publicly available SEC filings

The Increasing Investor Opportunities Act

Congress has taken notice of increased shareholder activism and has taken steps to act. The House recently passed *The Increasing Investor Opportunities Act*, sponsored by Reps. Ann Wagner (MO-02) and Gregory Meeks (NY-05), which would allow closed-end funds to invest assets more freely in securities issued by private funds and removes the loophole now allowing activist investors to force traditional closed-end funds into liquidity events or radically change their investment strategies. ICI fully supports the bipartisan bill, and we hope the Senate can act in a similar bipartisan manner to move the bill forward to protect millions of American investors.

For more information about closed-end funds, see the ICI [Closed-End Fund Resource Center](https://www.ici.org/cef) at www.ici.org/cef. For more information about activism in closed-end funds, see our latest fact sheet at www.ici.org/files/2024/cef-activism.pdf.

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