

The Discount Perspective

January 2026

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About Us

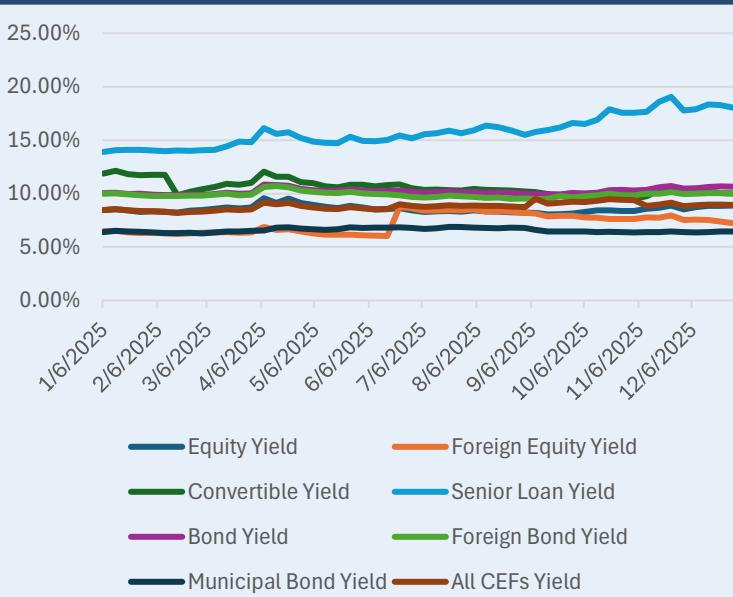
Over more than four decades in business, Herzfeld Advisors has built deep and enduring relationships across the closed-end fund universe, providing us with what we believe to be unique access to a broad range of industry participants. Widely regarded as a pioneer in the space, we have long served as a resource to the CEF ecosystem, offering insight and guidance to academics, government agencies, financial institutions, and fellow closed-end fund managers alike.

Change in Premium/Discount Month over Month



Source: Bloomberg

Average CEF Yields 2025



Source: Bloomberg

Current CEF Trends

- In December 2025, in the closed-end fund (CEF) universe, on average, discounts widened by -0.56% and yields increased by 0.11%. These moves were driven by a mix of factors, including evolving rate-cut expectations, typical year-end tax-loss selling pressures, and thinner liquidity during the holidays.
- The most significant discount widening occurred in the Bond CEF sector, which includes BAB, credit, corporates, ESG, high yield, limited duration, preferreds, multi-sector, mortgages, and TIPs bond closed-end funds. On average, the bond funds discount widened by -1.33% and yields increased by 0.16%.
- In contrast, the most significant discount tightening occurred in the Senior Loan sector, which includes traditional loan funds and CLO-focused strategies. On average, the senior loan funds discount tightened by 0.98% and yields increased by 0.26%. In CLO CEFs specifically, most funds reported lower net asset values (NAVs) in November, which in turn contributed to discount tightening across the sector.
- In December, Equity CEFs experienced the largest increase in yields, rising by 0.36%, alongside a notable widening in discounts of 0.93%. In contrast, Foreign Equity CEFs saw the sharpest decline in yields, down 0.31%, while discounts tightened by 0.21%.

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