The Discount Perspective

July 2026

Herzfeld ADVISORS

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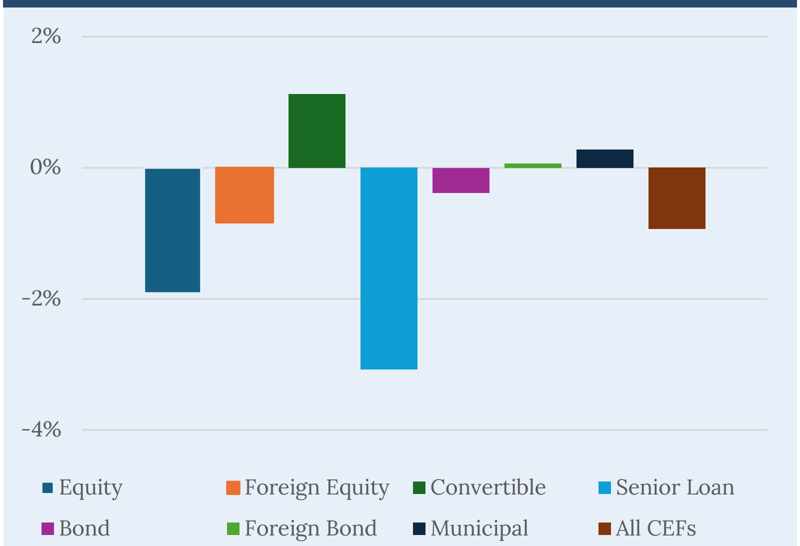
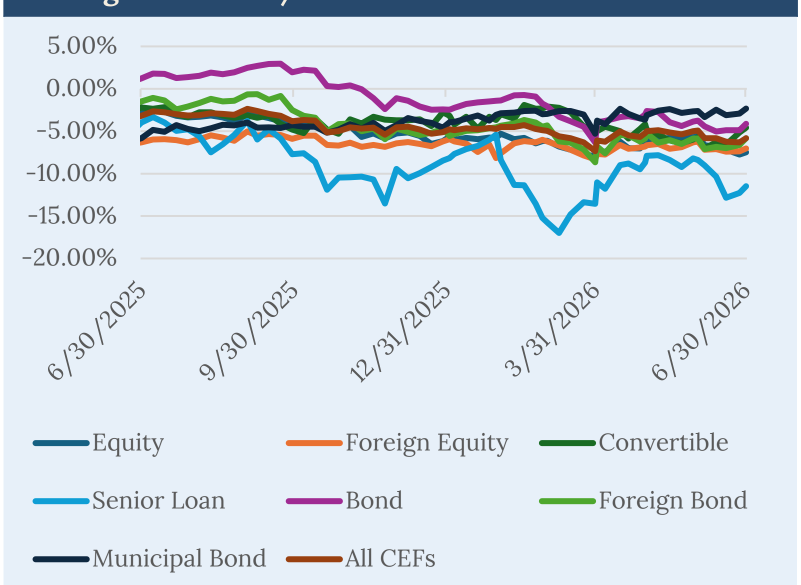
Over more than four decades in business, Herzfeld Advisors has built deep and enduring relationships across the closed-end fund universe, providing us with what we believe to be unique access to a broad range of industry participants. Widely regarded as a pioneer in the space, we have long served as 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 Premium/Discount



Source: Bloomberg

Current CEF Trends

- June was influenced by continued rate uncertainty, elevated treasury yields, and easing geopolitical concerns as ceasefire developments reduced fears surrounding the Iran conflict and the Strait of Hormuz. Average closed-end fund discounts widened by approximately 94 bps, moving from -4.90% to -5.84%, while yields rose roughly 19 bps month -over-month.
- Senior Loan CEFs, which include both traditional senior loan funds and CLO focused strategies, experienced the largest discount widening, with discounts moving from -8.38% to -11.46%, and yields rising 81 bps. The move stood out relative to the broader Bond CEF category, which widened -38 bps.
- Convertible CEFs experienced the largest discount tightening, with discounts moving from -5.69% to -4.56%, supported by strength in equities. Yields rose 14 bps month-over -month. The sector's tightening was notable given broader discount widening across the closed-end fund universe.
- Across the broader closed end fund universe, discounts generally moved wider and yields generally moved higher during the month. Convertible, Municipal, and Foreign Bond funds experienced relative discount resilience, while Senior Loan, Equity, and broader Bond funds saw discounts widen. Overall, average CEF discounts moved wider from -4.90% to -5.84%, while yields rose 19 bps.

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