The Discount Perspective

August 2026

Herzfeld ADVISORS

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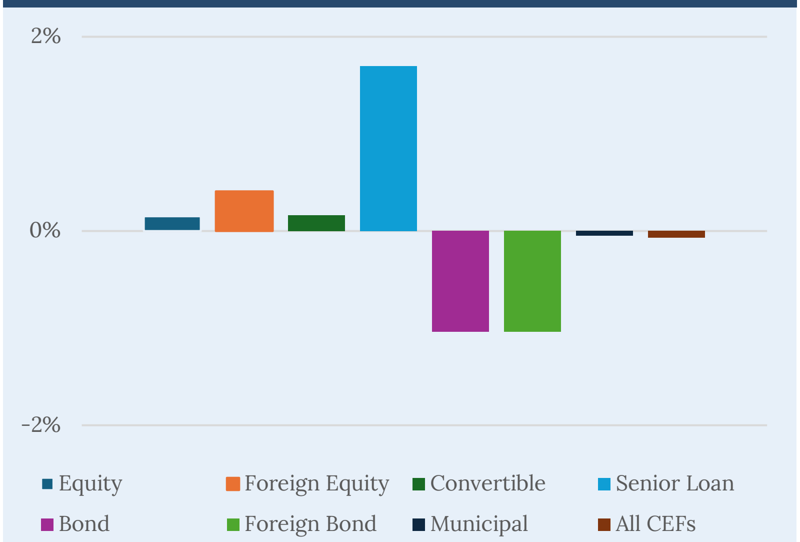
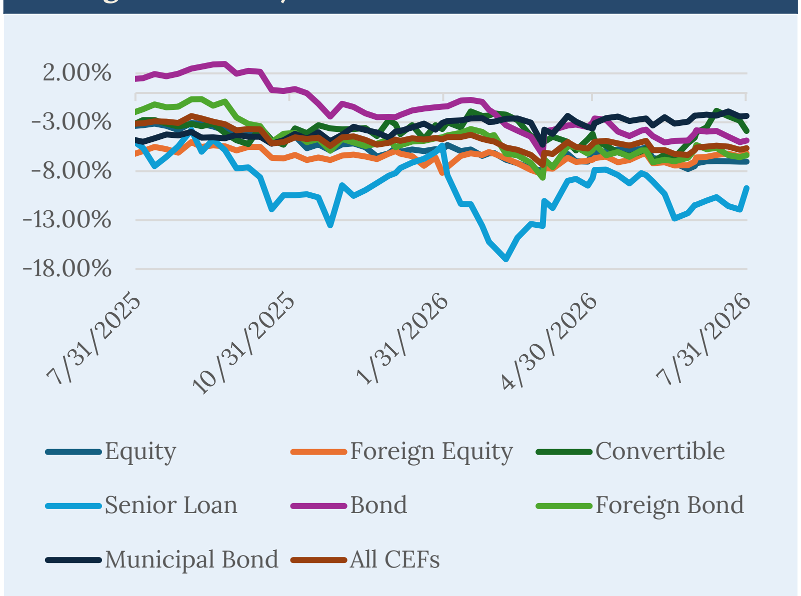
Over more than four decades in business, Herzfeld Advisors has built deep and enduring relationships across the closed-end fund universe, providing us with what we believe to be unique access to a broad range of industry participants. Widely regarded as a pioneer in the space, we have long served as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

- July was influenced by geopolitical tensions tied to the Strait that pushed oil prices and Treasury yields sharply higher through the second half of the month, with the 30-year Treasury yields reaching their highest level since 2007. The Fed held rates steady at 3.50% to 3.75% for a fifth straight meeting on July 29. Average CEF discounts widened modestly by approximately 7 bps while yields rose roughly 21 bps month over month, leaving the universe at a -5.64% discount and 8.67% yield.
- Senior Loan CEFs, which include both traditional loan funds and CLO focused strategies, saw the largest move and the largest discount tightening, narrowing from -11.44% to -9.74% while yields compressed 21 bps to 14.96%. The move may have been driven by NAV declines outpacing market price weakness, though it could also indicate the sector is stabilizing and finding a bottom.
- Bond and Foreign Bond CEFs saw the largest discount widening for the month, each moving out approximately 104 bps. Bond discounts ended the month at -4.85% with yields up 27 bps to 11.48%, while Foreign Bond discounts ended at -6.35% with yields up 41 bps to 10.84%.
- Across the broader closed end fund universe, Equity, Foreign Equity, Convertible, and Senior Loan discounts tightened, while Bond, Foreign Bond, and Municipal Bond discounts widened slightly. Overall, average CEF discounts widened marginally to -5.64% while yields rose to 8.67%.

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