

A large, stylized graphic of the letter 'X' composed of four overlapping diagonal bands. The top-left and bottom-right bands are a dark teal color, while the top-right and bottom-left bands are a slightly lighter teal color. The bands intersect in the center, creating a white 'X' shape.

Closed-end Fund (“CEF”) Expert Panel

May 19, 2021

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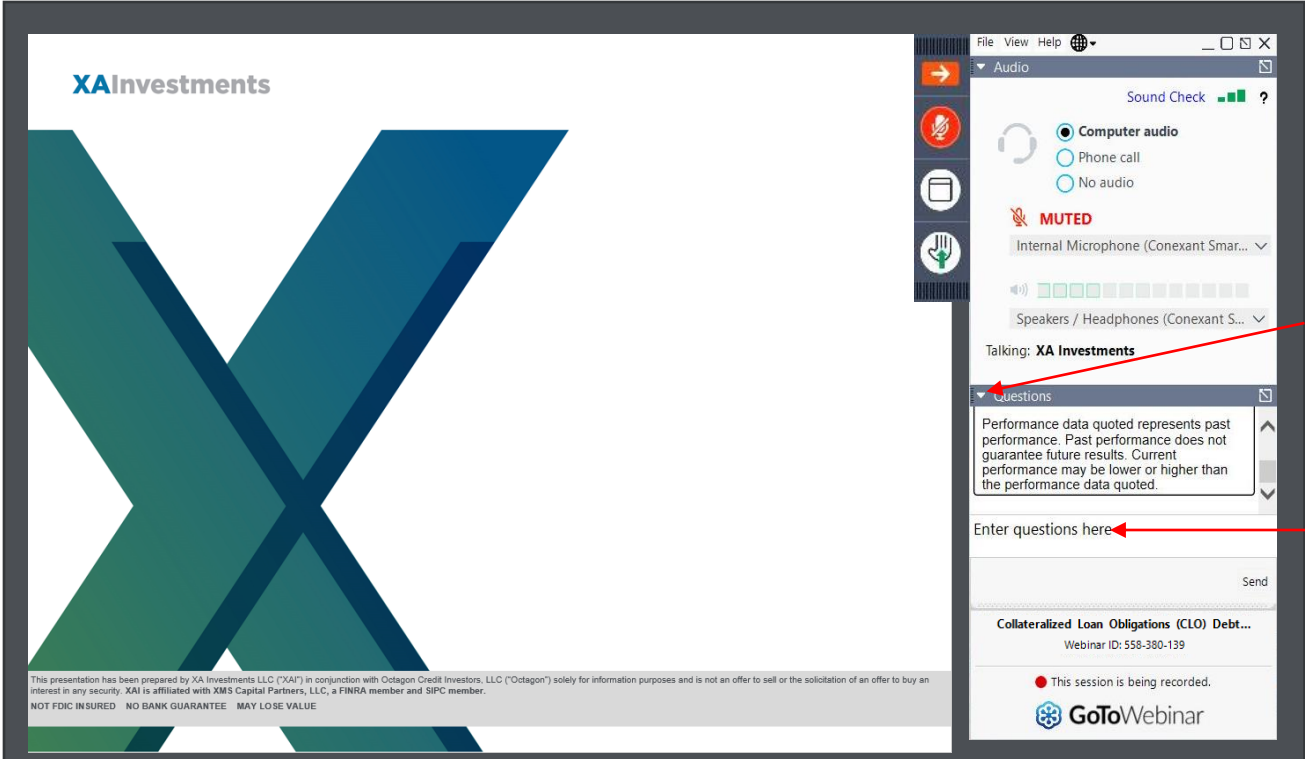
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Before We Begin

- Registrants will receive a link to the replay following the webinar. Feel free to share with colleagues.
- For additional information on CEFs, please see our website at xainvestments.com under the Knowledge Bank tab.
- Submit questions at any time during the presentation using the Questions box.



The screenshot displays a webinar interface. On the left, the XA Investments logo is shown above a large, stylized 'X' graphic. The right side of the interface features a control panel with various icons and a 'Questions' section. A red arrow points to the 'Questions' section, and another red arrow points to the 'Enter questions here' text box. The 'Questions' section contains a disclaimer: 'Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be lower or higher than the performance data quoted.' Below this is a text input field and a 'Send' button. The control panel also shows audio settings, including 'MUTED' and 'Computer audio' selected. At the bottom of the control panel, it indicates 'Collateralized Loan Obligations (CLO) Debt...' and 'Webinar ID: 558-380-139'. A 'GoToWebinar' logo is visible at the bottom right of the control panel.

Click arrow to open question box

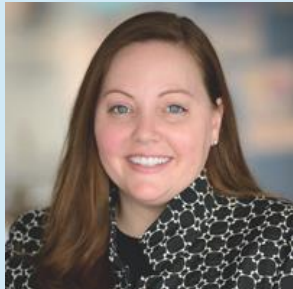




Enter questions in this box

Agenda for Today: CEF Market Outlook

- CEF Benefits for Investors
- Implications of New 2.0 CEF Structure
- Future of the Listed CEF Marketplace
- Developments in the emerging Interval Fund Marketplace
- Advantages of Interval Fund Structure for Sponsors and Investors
- Anticipated Market Developments
- Q & A

XA Investments CEF Expert Panel

117 years of combined CEF experience with track record of successful CEF launches (50 taxable CEFs, 100+ muni CEFs)

	Kimberly Flynn Managing Director	Benjamin McCulloch Managing Director, General Counsel	Bob Kuppenheimer Senior Advisor	Paul Williams Senior Advisor	William Meyers Senior Advisor
					
Years of Experience	21	15	46	46	35
Years of CEF Experience	16	13	34	26	28
Firms on Resume	Nuveen	First Trust, Drinker Biddle & Reath	Nuveen	Nuveen	Nuveen
Number of CEFs Launched	45	~20	~150 ¹	~100 ¹	100+

Note:

1. Includes several series of state muni CEF launches.

CEF Structure: Preserves Manager Strategy and Expands the Investor Audience

	Limited Partnership	Mutual Fund	Closed-End Fund
Investor qualification	Accredited or Qualified Purchasers	None	Affluent or Mass Affluent
Investment minimums	High	Low	\$2,000 min
Illiquid assets	Up to 100% illiquid assets	Max 15% illiquid assets	Up to 100% illiquid assets
Tax form	K-1	1099	1099
Tax treatment	Taxed on gross returns (no longer tax deductible)	Taxed on net returns	Taxed on net returns
Investment form	Subscription documents	Electronic ticketing	Electronic ticketing (if Daily NAV)
Performance fees	Common	None	Depends on structure
Liquidity	Quarterly with 90 days notice post lock-up period	Daily redemptions	Listed CEF: Daily liquidity on exchange Interval: Quarterly Tender
Income	Uncommon	Uncommon	Monthly distributions

Sources: XAI, ICI, CEF Association

Closed-End Fund Options

Comparison of Capital Raising Pathways

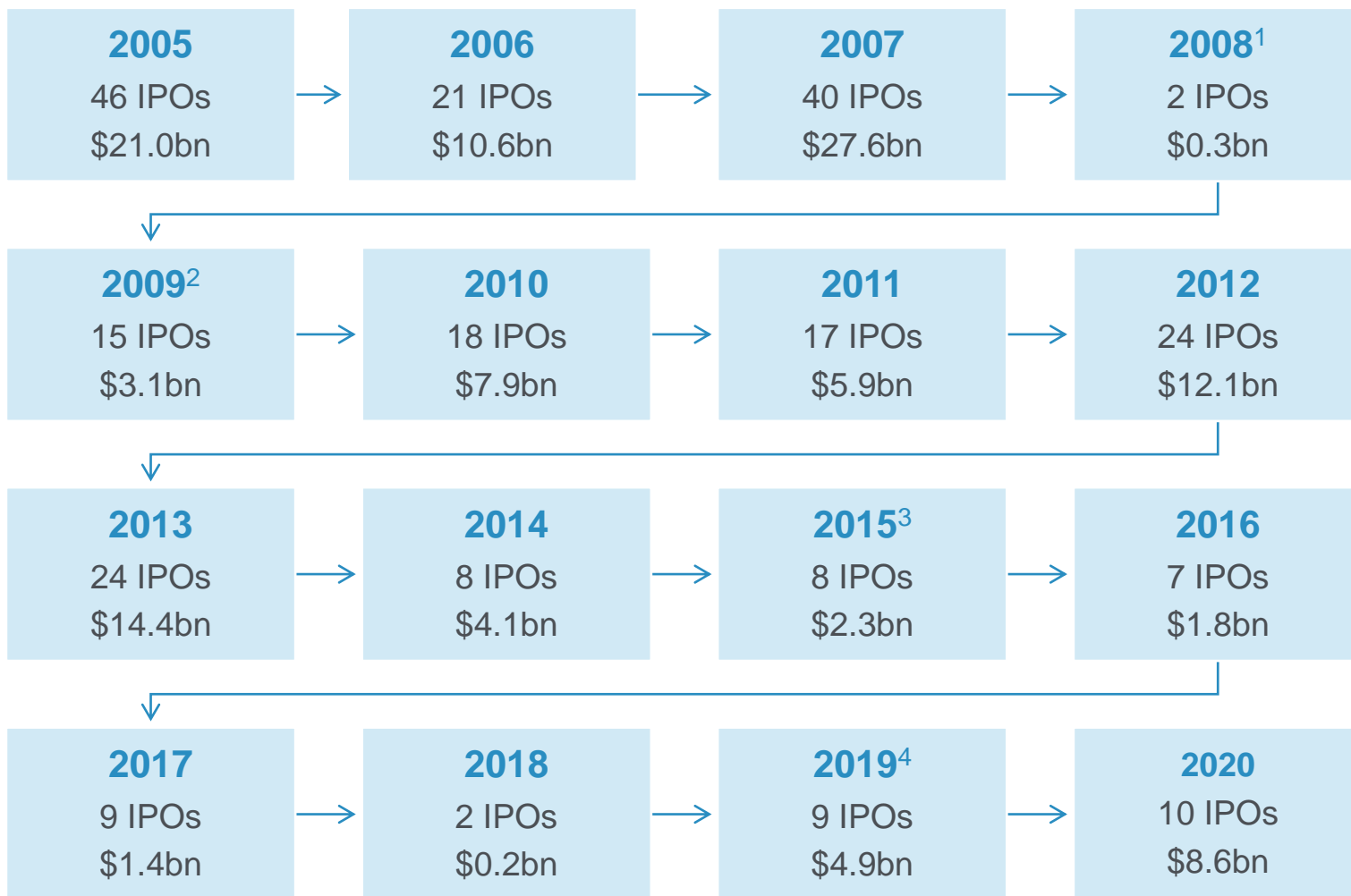
	Interval Fund	U.S. Listed CEF	London-Listed Fund
Revenues	High Base Mgmt Fee	Base Mgmt Fee	Base Mgmt Fee + Performance Fee
Upfront Costs	Low	High	Low
Break-Even	2 years	3-4 years	<1 year
Offering Size	\$100-200mm by yr 3	\$300-500mm at IPO	\$150-250mm at IPO
Seed Capital Needed	No, but helps accelerate	No, but may garner underwriter interest	No, but many funds have seed in UK
Permanent Capital	No, sticky	No, 12-yr term	Yes
Tenders	Yes, 5%+ per quarter	No	No
Capital Raise	Continuous Offering	Discrete Capital Raise	Discrete Capital Raise
Sales Team	Adviser Driven Sales Effort	Joint Sales Collaboration	Handled by UK Distribution Firm
Offering Success	Depends on Sales Effort	Depends on Underwriters	Test Marketing Done in Advance Before Launch
Strategy	Illiquid or Alt Strategy	Traditional with Small Alt %	Niche, Illiquid or Alt Strategy
ESG	Not required	Not required, ESG untested	Required, ESG is table stakes
Yield Required	5%+	6-7%	5.5%+
Leverage	Limited, up to 20%	Typical, up to 40%	Typical, higher gearing permitted
Secondary Market	No Premium/Discount	May trade at Discount	May trade at Discount ¹
Follow-On Offering	N/A	12 mo after IPO, at Premium	3 mo after IPO, at Premium ²

Notes

1. Due to concentrated institutional shareholder base, more likely to have deep discounts
2. Easier to execute follow-up with a London-listed fund than a US CEF. 50% of the closed-end fund IPOs in 2018 returned to market to raise further capital in 2019

Listed CEF IPO Marketwide Statistics

Common assets raised over the last 15 years



Notes:

1. The financial crisis closed the CEF market from February 2008 to February 2009.
2. Nuveen reopens CEF market post credit crisis with a series of municipal CEFs.
3. Anticipating DOL reforms, Nuveen reintroduces the CEF target term structure with 3-year and 5-year term deals that feature lower sales loads.
4. 2.0 CEF structure introduced with fund sponsor paying gross spread and 12-year term feature.

Typical Listed CEF IPO: By the Numbers

\$500+ Million

in new assets



calls with advisors **5,000+**



1.25% fund management fee

\$10

per share



5,000

new investors



\$2,000



minimum purchase

0%

load for shareholders

3,000+

in-person meetings



6.00-6.50%

yield quote



5 live webinars



10+

syndicate firms



30

day offering



12

years permanent capital



25,000

advisors reached



2,500

advisors participating in offering

XA Investments

FOCUS ON CEFS AND INTERVAL FUNDS

- Access to strategies and managers that historically have been available only to large institutional and ultra high net worth investors
- Custom product designs appeal to financial advisors and end investors

EXPERIENCED CEF DESIGN AND PRODUCT STRUCTURING TEAM

- Senior leaders have held management roles at notable asset management firms and average over 20 years of experience in financial services
- Proven track record in product design and development with a unique combination of in-depth alternatives and registered fund experience

SALES AND DISTRIBUTION

- Dedicated team with strong sales and marketing execution capabilities
- Emphasis on advisor education and serving as a valuable industry resource
- Expertise in alternatives, less liquid and sustainable investments

PARTNERSHIP MODEL

- XAI partners with established investment managers
 - Demand driven decision making allows us to launch timely new products
-

Note: XA Investments LLC is the Registered Fund Division of XMS Capital Partners, LLC ("XMS"). XMS, established in 2006, is a global, independent financial services firm providing mergers and acquisitions, capital raising and cooperate advisory services to clients. XMS has over 30 professionals on its team and offices in Chicago, Boston and London.

XA Investments Service Offerings

CEF and Interval Fund Strategy Consulting Services

Custom product design and structuring assessment and advice. Competitive intelligence on the CEF marketplace and competitor funds. Provide introductions to leading CEF industry service providers.

Private Label CEF and Interval Fund Design, Structuring and Market Delivery

Full service product launch services from start to finish including management of the fund development, regulatory and board approval, distribution planning and offering timetable.

Listed CEF Secondary Market Support

Development and execution of a comprehensive marketing plan. Design and development of marketing, media, analyst and investor outreach to drive secondary trading volume and price support.

CEF Sub-Administration, Fund Accounting and Fund Board Services

Outsourcing of key fund operational, administrative and service provider management. Optional product management services and fund board oversight and reporting services.

Marketing Services

Marketing material content creation, design, development to support product sales and client outreach for registered and private funds.

Private Fund Sales and Distribution

Success based sales engagement for alternative private funds to raise capital in the RIA and family office channel.

Registered Fund Sales and Distribution

CEFs (listed CEFs, interval and tender offer funds) and mutual fund sales engagement to raise capital in the RIA and family office channel.

Webinar Questions?

Please use the Questions dropdown indicated below to submit your questions

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Contact Our Team with Questions



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