
Morningstar U.S. Closed-End Funds

Peer Group Indexes

Morningstar Research

31 October 2018

Introduction

Morningstar offer two broad suites of US Closed-end Funds Peer Group Indexes: one size-weighted and calculated in line with official FTSE Actuaries methodology; the other is an unweighted (equal-weighted) set. Both sets of indexes are free of survivorship bias and the constituents are all U.S.-listed CEFs that have been in existence over the period from 31 December 1996.

The following index series, both weighted and unweighted versions, are calculated for each peer group:

- 1 NAV Daily Return (calculated from 31-Dec-96)
- 2 Price Daily Return (calculated from 31-Dec-96)
- 3 Daily Premium Discount (calculated from 31-Dec-96)
- 4 NAV Daily Income-Only Yield (calculated from 31-Dec-02)
- 5 Price Daily Income-Only Yield (calculated from 31-Dec-02)
- 6 NAV Daily Income & Capital-Gain Yield (calculated from 31-Dec-02)
- 7 Price Daily Income & Capital-Gain Yield (calculated from 31-Dec-02)
- 8 NAV Daily Total Distribution Yield (calculated from 31-Dec-02)
- 9 Price Daily Total Distribution Yield (calculated from 31-Dec-02)

All U.S. listed closed-end funds are classified by Morningstar into peer groups; these peer group categories were constructed after studying the classifications used by the leading analysts and other interested parties in the U.S.

Morningstar has 26 main U.S. closed-end fund classifications consisting of 10 Equity, 14 Fixed Income, and 2 Hybrid Classifications. The Fixed Income categories are further sub-divided into Taxable and Municipal groups.

We then calculate a wide range of composite indexes, e.g. "All CEF", "All Fixed Income", "All Municipal", "All Equity", etc. A full list of all our peer groups, sorted by their lowest level composite index groups, can be found on the following pages.

Equity

Asia Equity

Funds investing their assets primarily in Asian equity securities; generally, these funds are seeking long-term capital appreciation rather than income.

Commodities

Funds that invest directly in commodities.

Covered-Call Funds

Funds investing in equities and generate additional income by writing calls on a significant portion of their portfolio.

Emerging Market Equity

Funds investing their assets primarily in emerging market equity securities in multiple countries and regions; generally, these funds are seeking long-term capital appreciation rather than income.

Global Equity

Funds investing primarily in equity securities in U.S. and foreign countries, with an emphasis on developed countries. Most of these funds seek long-term capital appreciation rather than high income.

MLP

Funds that invest primarily in Master Limited Partnerships—these are mostly companies involved in the natural resources sector.

Real Estate

Funds that primarily invest in global Real Estate Investment Trusts (REITs).

Sector Equity

Funds that invest in a specific equity sector, such as Basic Materials, Communication Services, Healthcare, et cetera.

Single-Country Equity

Funds that invest in equity securities in a single foreign country.

U.S. Equity

Funds investing their assets primarily in U.S. equity securities; generally, these funds are seeking long-term capital appreciation rather than income.

Fixed Income – Taxable

Convertibles

Funds that invest primarily in convertibles bonds and/or convertible preferred stock.

Emerging Market Income

Funds that invest primarily in emerging market government and corporate debt securities.

Global Income

Funds that invest primarily in a mixture of U.S. and foreign government and corporate debt, with an emphasis on developed countries.

High Yield

Funds that seek high current income through investing in non-investment grade debt instruments.

Investment Grade

Funds that invest primarily in investment grade debt instruments.

Limited Duration

Funds investing in fixed income securities with a duration of less than 5 years; by doing so, they aim to achieve lower than average interest rate risk.

Multi-Sector

Funds that invest across several fixed income asset classes, with typically less than 50% in any one of these asset classes.

Preferreds

Preferred stock portfolios concentrate on preferred stocks and perpetual bonds. These portfolios tend to have more credit risk than government or agency backed bonds, and effective duration longer than other bond portfolios. These portfolios hold more than 65% of assets in preferred stocks and perpetual bonds.

Senior Loans

Funds that invest primarily in collateralized senior bank loans issued by corporations. Most of these securities are typically rated below investment grade.

Taxable Muni

Funds that invest in taxable municipal bonds.

Fixed Income – Municipal

Municipal

Funds that invest in municipal bonds across states.

Municipal - CA

Funds that invest in municipal bonds from California.

Municipal - NY

Funds that invest in municipal bonds from New York State.

Municipal - Single-State

Funds that invest in municipal bonds from a single state other than California or New York.

Hybrid

Global Allocation

Funds investing in both equity and fixed-income securities in U.S. and foreign countries, with an emphasis on developed countries.

U.S. Allocation

Funds investing in both equity and fixed-income securities in the U.S.



22 West Washington Street
Chicago, IL 60602 USA

©2018 Morningstar. All Rights Reserved. Unless otherwise provided in a separate agreement, you may use this report only in the country in which its original distributor is based. The information, data, analyses and opinions contained herein (1) include the confidential and proprietary information of Morningstar, (2) may include, or be derived from, account information provided by your financial advisor which cannot be verified by Morningstar, (3) may not be copied or redistributed, (4) do not constitute investment advice offered by Morningstar, (5) are provided solely for informational purposes and therefore are not an offer to buy or sell a security, and (6) are not warranted to be correct, complete or accurate. Except as otherwise required by law, Morningstar shall not be responsible for any trading decisions, damages or other losses resulting from, or related to, this information, data, analyses or opinions or their use. Opinions expressed are as of the date written and are subject to change without notice. Investment research is produced and issued by subsidiaries of Morningstar, Inc. including, but not limited to, Morningstar Research Services LLC, registered with and governed by the U.S. Securities and Exchange Commission.