



# S-Network Municipal Bond Closed-End Fund Index

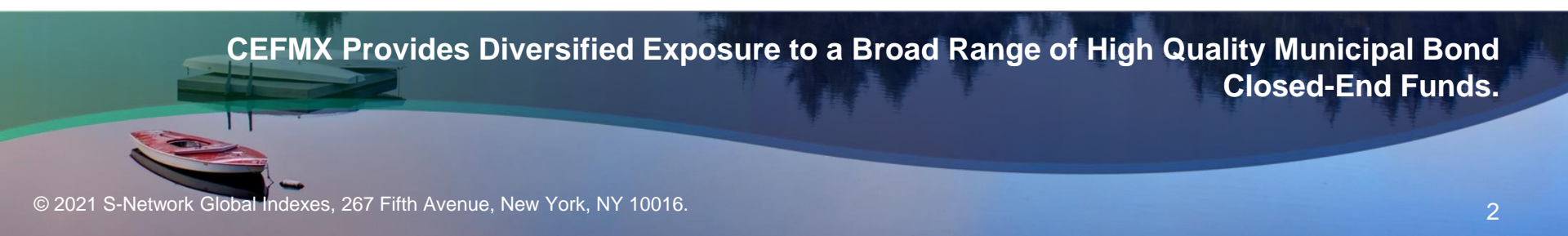
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Q3 2021

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# Index Overview

- ❑ **A Diversified Portfolio of 61 Municipal Bond Closed-End Funds**
- ❑ **Targets Federal Income Tax Exempt Yield**
- ❑ **All US-Registered Funds**
- ❑ **Modified Net Asset-Weighted Methodology**
- ❑ **Multiple Qualitative Screens**
  - Discount
  - Management Fee
- ❑ **Screened for Liquidity**
- ❑ **Designed to Take Advantage of Inefficiencies in the Closed-End Fund Market**



**CEFMX Provides Diversified Exposure to a Broad Range of High Quality Municipal Bond Closed-End Funds.**


# Key Features

- Diversification**
- Professional Management**
- Efficient Portfolio Management**
- Periodic Distributions**
- Yield Exempt From Federal Income Taxes**
- Opportunity to Buy at a Discount**
- Leverage Potential**
- Lower Management Fees**

**CEFMX Provides an Effective Benchmark for US Municipal Bond Closed-End Funds.**

# Index Rationale

- ❑ **Diversification by Asset Class**
- ❑ **Diversification by Investment Strategy**
- ❑ **Diversification by Manager**
- ❑ **High Current Yield**
- ❑ **Yield Exempt From Federal Income Taxes**
- ❑ **High Current Discount to NAV**



**CEFMX Substantially Diminishes the Risks Implied in Owning a Single Municipal Bond Closed-End Fund While Providing High Current Yields Tax Free.**



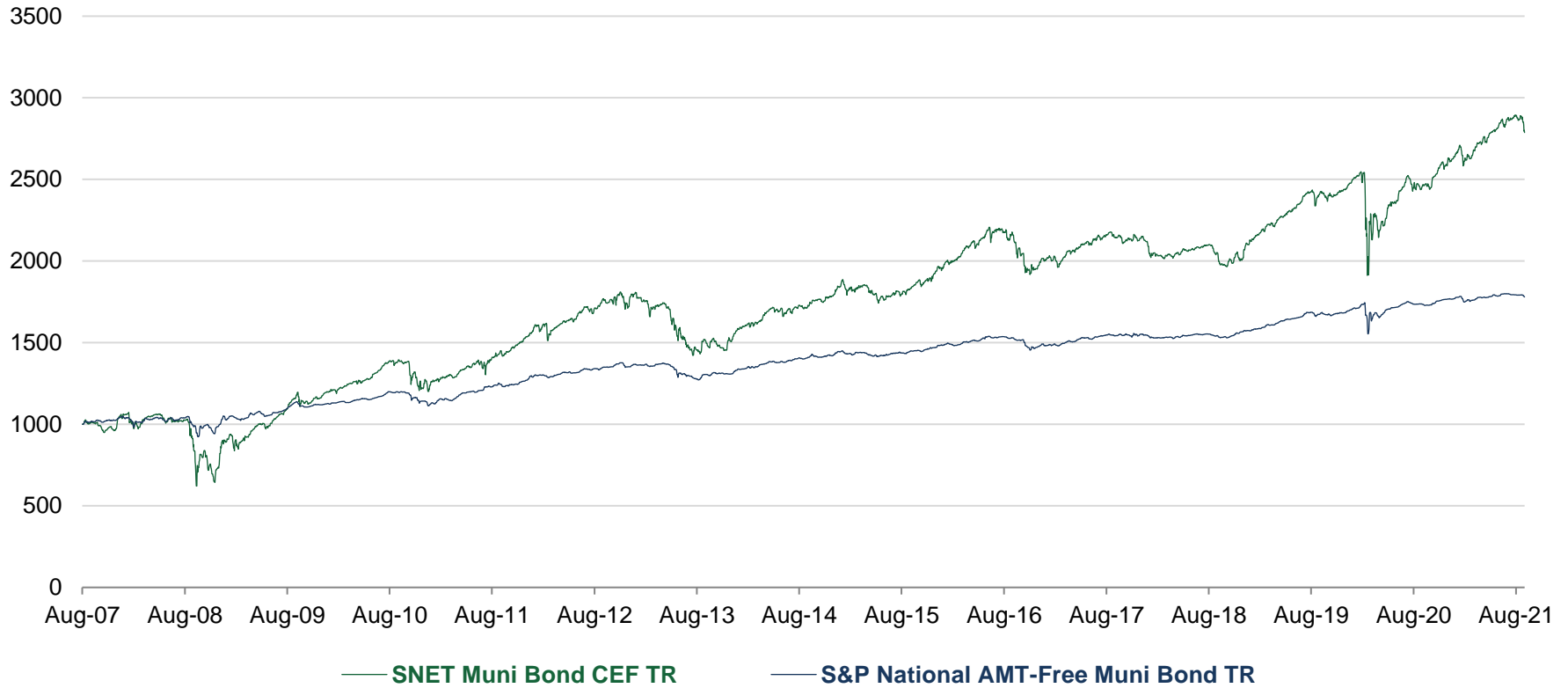


# Index Constituents and Performance

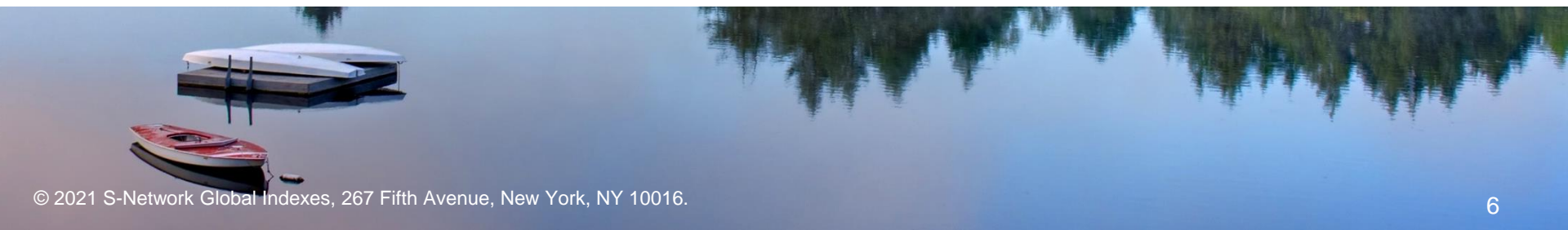


# Historical Performance vs. Benchmark

**S-Network Municipal Bond Closed-End Fund TR vs. S&P National AMT-Free Municipal Bond TR**  
 (8/31/2007–9/30/2021)

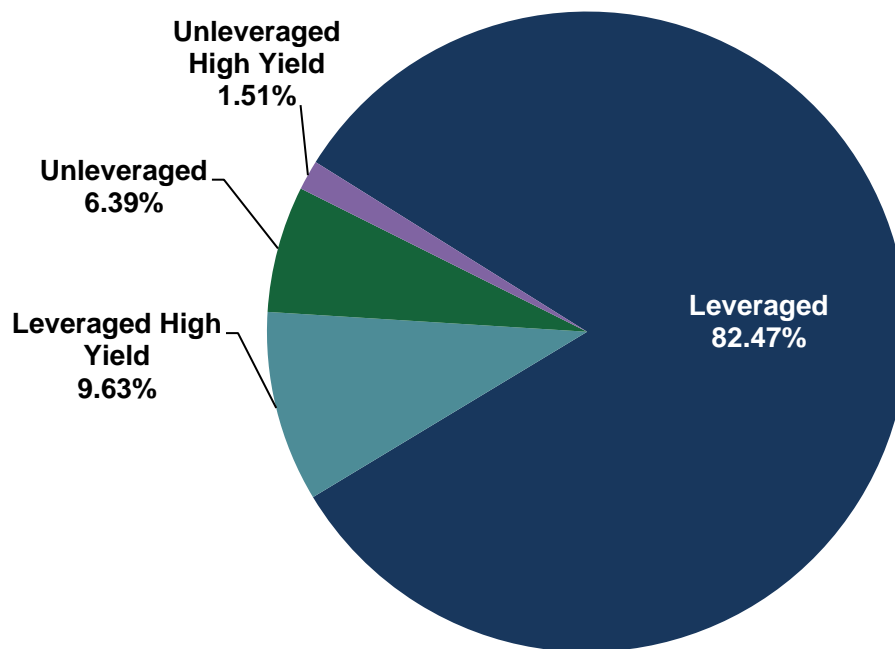


Source: Bloomberg as of 9/30/2021



# Index Rationale – Sector Breakdown

**S-Network Municipal Bond Closed-End Fund Index:  
Sector Distribution**

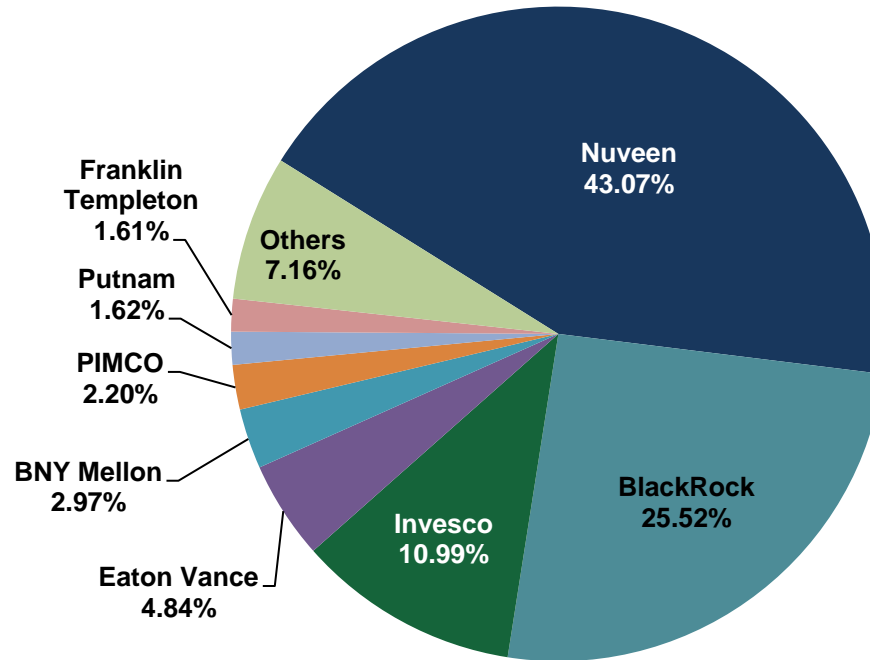


Source: Alerian and S-Network as of 9/30/2021

**CEFMX Diversifies Risk by Including Municipal Bond Closed-End Funds that Employ Differing Investment Strategies and Use Different Levels of Leverage to Increase Yield.**

# Index Rationale – Manager Breakdown

**S-Network Municipal Bond Closed-End Fund Index:  
Manager Distribution**

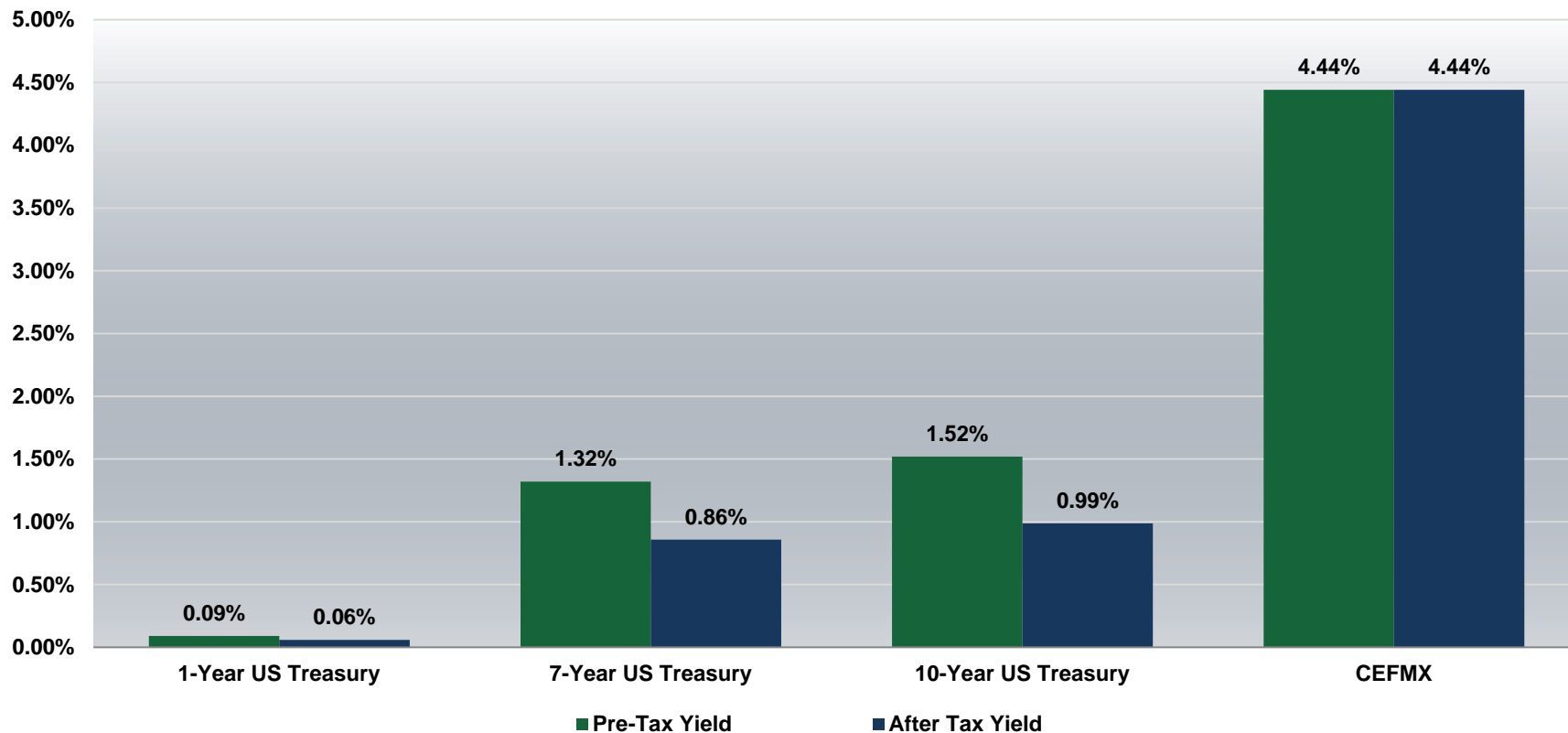


Source: Alerian and S-Network as of 9/30/2021

**CEFMX Also Diversifies Risk by Manager and Includes the Leading Fixed Income Closed-End Fund Managers in the US.**



## Current Yields



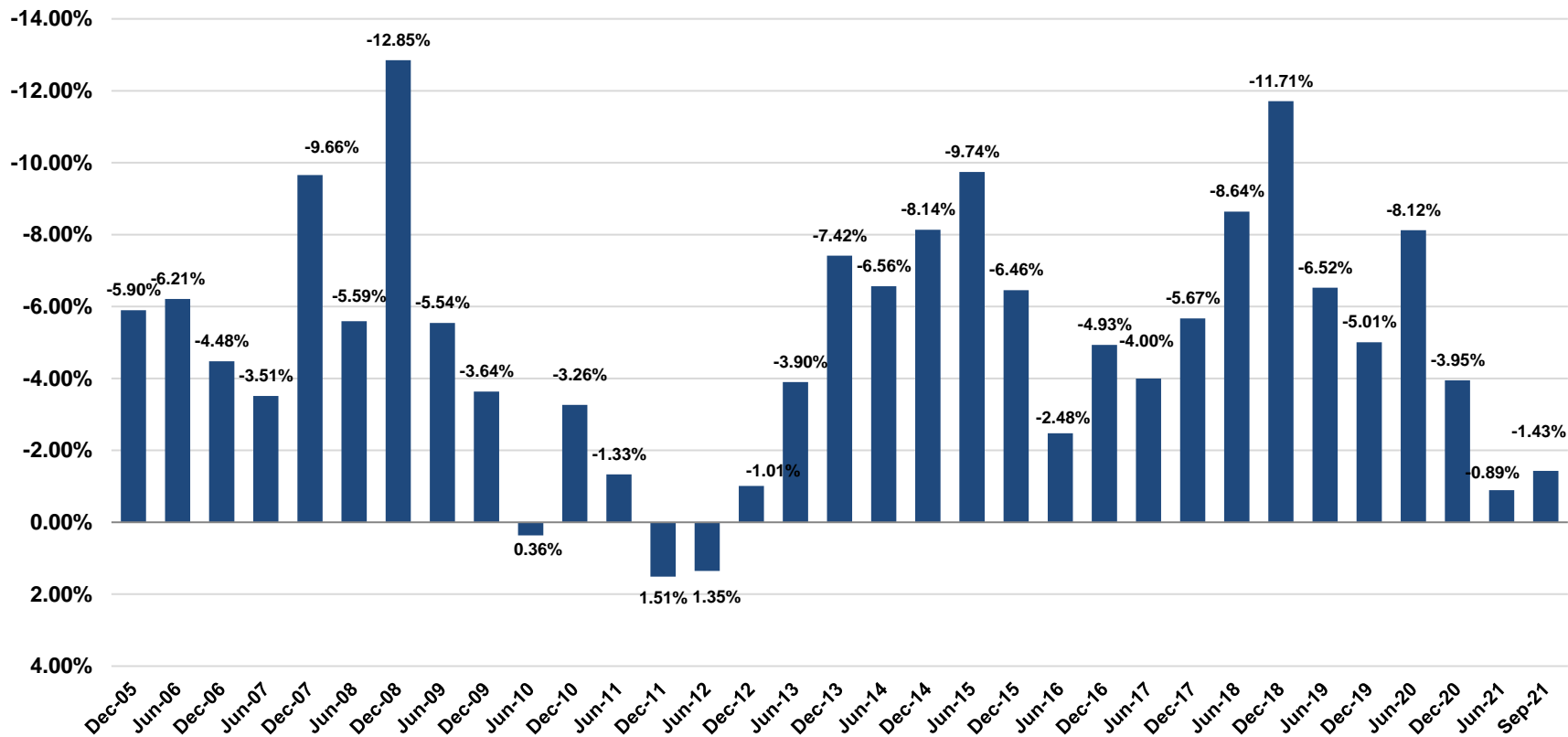
Source: US Dept. of the Treasury as of 9/30/2021

**With a Current Yield of 4.44%, CEFMX Indicates a Higher Yield Tax Free than Most Other Classes of Fixed Income Investments, Including Government Bonds.**

# Index Rationale – Discount/Premium

## S-Network Municipal Bond Closed-End Fund Index: Historical Discounts/Premiums

12/31/2005–9/30/2021



Source: Refinitiv as of 9/30/2021

**CEFMX's Current Market Value Trades at a Discount to Net Asset Value of -1.43%.**



# Index Construction

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# Index Construction – Eligibility

- ❑ **A Total Universe of ~100 Municipal Bond Closed-End Funds**
- ❑ **Must Be Registered in the United States**
- ❑ **Minimum Market Capitalization for Inclusion = \$100 million**
- ❑ **Fund Must be Listed on Regulated Exchange (No OTCs)**
- ❑ **Total Management Fee Less Than 1.25%**
- ❑ **Funds Trading at Premiums > 20% Eliminated**



**CEFMX is Rules Based, Providing a Fair and Accurate Measure of the Municipal Bond Closed-End Fund Sector.**

# Index Construction – Weighting

- ❑ **Weights Based on Net Assets**
- ❑ **Net Assets Adjusted for Premium/Discount**
  - ❑ **Increases in Fund Net Assets for Funds Trading at a Discount**
    - Discount > 6% = 30% Increase in Net Assets
    - Discount > 3% and < 6% = 20% Increase in Net Assets
    - Discount > 0% and < 3% = 10% Increase in Net Assets
  - ❑ **Decreases in Fund Net Assets for Funds Trading at a Premium**
    - Premium > 6% = 30% Decrease in Net Assets
    - Premium > 3% and < 6% = 20% Decrease in Net Assets
    - Premium > 0% and < 3% = 10% Decrease
- ❑ **Funds Capped at 8% Index Weight**
- ❑ **Combined Weight of Funds with Weights over 5% Capped at 45%**

**CEFMX's Unique Weighting Methodology Accords Higher Weights to Municipal Bond Closed-End Funds that Trade at Discounts.**



# Top Ten Holdings

Fund Name	Ticker	Sector	Weight	AUM
Nuveen Amt-Free Quality Municipal Income Fund	NEA US	Leveraged	7.97%	4.54 Billion USD
Nuveen Quality Municipal Income Fund	NAD US	Leveraged	7.96%	3.65 Billion USD
Nuveen AMT-Free Municipal Credit Income Fund	NVG US	Leveraged	7.89%	3.66 Billion USD
Nuveen Municipal Credit Income Fund	NZF US	Leveraged	5.51%	2.38 Billion USD
Blackrock Municipal 2030 Target Term Trust	BTT US	Leveraged	4.73%	1.80 Billion USD
Nuveen Municipal Value Fund Inc	NUV US	Unleveraged	3.24%	2.35 Billion USD
BlackRock MuniYield Quality Fund Inc	MQY US	Leveraged	2.73%	1.19 Billion USD
Blackrock Muniyield Quality Fund III Inc	MYI US	Leveraged	2.62%	1.00 Billion USD
Nuveen Municipal High Income Opportunity Fund	NMZ US	Leveraged High Yield	2.60%	1.31 Billion USD
Eaton Vance Municipal Bond Fund	EIM US	Leveraged	2.49%	962.73 Million USD

Source: Refinitiv as of 9/30/2021

**CEFMX Includes Many of the Largest Municipal Bond Closed-End Funds on the Market Today.**

# Capitalization Profile

<b>S-Network Municipal Bond Closed-End Fund Index: Market Capitalization Profile</b>	
<b>Number of Constituents</b>	61
<b>Total Market Capitalization</b>	47.52 Billion USD
<b>Largest Market Capitalization</b>	4.54 Billion USD
<b>Smallest Market Capitalization</b>	165.81 Million USD
<b>Average Market Capitalization</b>	778.95 Million USD
<b>Median Market Capitalization</b>	548.60 Million USD

Source: Refinitiv as of 9/30/2021

**With an Average Market Capitalization of Approximately \$778.95 Million, CEFMX Offers a Broad Spectrum of Fund Sizes.**

# Summary – Index Features and Benefits

<b>Feature</b>	<b>Benefit</b>
<b>Asset Diversification</b>	Index constituents hold various types of municipal bond closed-end funds, including leveraged, unleveraged, leveraged high yield and unleveraged high yield.
<b>Strategy Diversification</b>	Index constituents employ a wide range of trading strategies that diversify specific fund risk.
<b>Manager Diversification</b>	Constituent municipal bond closed-end funds employ a wide range of managers, including some of the leading fixed income managers in the world.
<b>High Current Yield</b>	At 4.44%, CEFMX offers yields substantially higher than most fixed income investments.
<b>High Current Discount</b>	At -1.43%, CEFMX currently trades at a low valuation – exceeded only in times of severe market disruption.



**CEFMX Offers Multiple Forms of Diversification that Help Diminish Specific Risks, while Providing High Current Yield and High Current Discount.**



# Statistical Profiles

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Total Return Appreciation		
	CEFMXTR	SPMUNUST
Since Inception*	178.65%	77.96%
10 Year	92.20%	43.13%
5 Year	29.01%	16.41%
3 Year	35.87%	15.35%
1 Year	13.45%	2.61%

Compound Annual Growth Rate		
	CEFMXTR	SPMUNUST
Since Inception*	7.55%	4.18%
10 Year	6.75%	3.65%
5 Year	5.23%	3.09%
3 Year	10.76%	4.88%
1 Year	13.45%	2.61%

\*S&P AMT National AMT-Free Municipal Bond Index inception date of 8/31/2007

Source: Bloomberg as of 9/30/2021

**CEFMX Includes Many of the Largest Closed-End Funds on the Market Today.**



Annualized Standard Deviation		
	CEFMXTR	SPMUNUST
Since Inception*	11.97%	4.56%
10 Year	9.03%	3.68%
5 Year	9.22%	3.82%
3 Year	9.97%	3.95%
1 Year	7.45%	2.82%

Sharpe Ratio		
	CEFMXTR	SPMUNUST
Since Inception*	0.5762	0.7737
10 Year	0.6806	0.8283
5 Year	0.4453	0.5147
3 Year	0.9741	0.9699
1 Year	1.7981	0.9067

\*S&P AMT National AMT-Free Municipal Bond Index inception date of 8/31/2007

Source: Bloomberg as of 9/30/2021

**CEFMX Includes Many of the Largest Closed-End Funds on the Market Today.**

# Data Sources and Availability

- ❑ Rule Book Available at: [www.closedendfundindex.com](http://www.closedendfundindex.com)
- ❑ Historical Data at: [www.closedendfundindex.com](http://www.closedendfundindex.com) and various data vendors
- ❑ Constituent Data Available from various data vendors
- ❑ Back Test Data from December 31, 2005
- ❑ Live Data from October 29, 2009
- ❑ Real Time Price Index Values in USD
- ❑ EOD Total Return Index Values in USD

Extensive and Detailed Data Will be Available on CEFMX to Support Analysis and Investment.

## Alerian and S-Network Global Indexes

Alerian is a leading independent index provider focused on building innovative, index-based investment strategies. The firm acquired S-Network Global Indexes in 2020, expanding their index offerings and services to partners. Combined, the firm serves the global investment community through indexing, benchmarking and calculation services. Built on a foundation of data rigor and specialty research, Alerian and S-Network Global Indexes offer a comprehensive family of energy, income, and thematic indexes. Today, the firms cumulatively have over \$23 billion in total assets tracking its indexes and over 200 customers world-wide.

**CEFMX Was Developed by S-Network, a Leading Provider of Thematic Indexes.**