

NEWS RELEASE

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ICI Releases Closed-End Fund Report

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Washington, DC, April 18, 2016—The Investment Company Institute (ICI) today released its annual report on the closed-end fund (CEF) market, providing analysis of 2015 data from this sector.

Total assets of closed-end funds decreased to \$261 billion at year-end 2015, down about 10 percent from year-end 2014. Demand for new CEF shares slowed further during the same time frame, according to an updated annual study released today by ICI.

The study, "[The Closed-End Fund Market, 2015](#)," analyzes data on CEFs, a type of registered investment company that issues a fixed number of shares that trade intraday on stock exchanges at market-determined prices. The data show total assets of closed-end funds decreasing in 2015 after increasing each year since 2008.

Total Assets of Closed-End Funds Were \$261 Billion at Year-End 2015
Billions of dollars; year-end, 2005-2015

Source: Investment Company Institute

Market Factors Dampened Demand for New Shares of CEFs

In 2015, net issuance of equity CEF shares declined to \$1.2 billion, from \$4.3 billion in 2014. Net issuance of bond CEFs edged down to \$486 million in 2015 from \$578 million in 2014. Widening of average discounts for most CEFs, combined with continued market volatility in 2015 and interest rate uncertainty, may have played a role in tamping down net share issuance of CEFs in 2015.

Bond CEFs Make Up Majority of CEF Total Assets, but Share Has Fallen

Traditionally, bond CEFs have comprised the majority of CEF assets, and that continued to hold true at year-end 2015. Bond CEFs made up 62 percent of the total CEF market, down from 74 percent in 2000. During the same period, gains in equity prices have outpaced gains in bond prices, while cumulative net issuance of equity closed-end fund shares has exceeded that of bond fund shares over the past nine years. This has resulted in equity CEFs' share of the market rising to 38 percent of all closed-end fund assets, up from 26 percent in 2000.

Competitive Dynamics Are at Play in the Closed-End Fund Market

The ICI study illustrates the competitive dynamics of the CEF market. Data show:

- No single CEF sponsor has dominated the market. In particular, of the largest 25 CEF sponsors in 2005, only 16 remained in this group at year-end 2015.
- Only 10 sponsors offer more than 10 CEFs, whereas 37 sponsors offer only one CEF, and 33 sponsors offer two to five funds.
- The Herfindahl-Hirschman Index for the closed-end fund industry at year-end 2015 was 817. This index weighs both the number and relative size of firms in the industry. An index number smaller than 1,000 indicates that an industry is unconcentrated. An index number greater than 1,800 indicates an industry is highly concentrated.

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