



**ACTIVE INVESTMENT
COMPANY ALLIANCE**
Excellence beyond indexing

UIT and ETF Access to CEFs & BDCs

Passive Access to CEFs and BDCs via
UITs and ETFs

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www.AICalliance.org

Passive ETFs of CEFs & BDCs



Muni CEFs – Van Eck CEF Municipal Income (XMPT)

7/12/2011 inception

Underling Yield: 4.63%

ETF Fee: 0.40%

Holdings: 60

Assets: \$202 MM

Taxable CEFs – Invesco CEF Income Composite (PCEF)

2/19/2010 inception

Underlying Yield: 7.41%

ETF Fee: 0.50%

Holdings: 124

Assets: \$914 MM

Taxable CEFs – Amplify High Income ETF (YYY)

6/21/2013 inception

Underlying Yield: 8.08%

ETF Fee 0.50%

Holdings: 45

Assets: \$414 MM

BDCs - Van Eck BDC Income ETF (BIZD)

2/11/2013 inception

Underlying Yield: 8.25%

ETF Fee: 0.40%

Holdings: 25

Assets: \$564 MM

BDCs & Loans - Virtus Private Credit Strategy ETF (VCF)

2/7/2019 inception

Underlying Yield: 8.21%

ETF Expense: 0.75%

Holdings: 56

Assets: \$35 MM

Unit Investment Trusts of CEFs & BDCs



UIT Sponsors for CEF/BDC Exposure:

**Advisor Asset Management
First Trust
Invesco
Guggenheim
SmartTrust**

Pure UIT Strategies:

**Equity Strategies: 5
Tactical Allocation: 2
Muni Bond: 8
BDCs: 2
Taxable Fixed Income: 5**

New Fund of Fund Rules



ETFs and UITs providing passive access to CEFs/BDCs through the new FoF Rule

- New rule should facilitate taking more concentrated positions in underlying CEFs/BDCs – i.e., positions in higher conviction names could conceivably be larger than under previous law
- Likewise, new rule should facilitate greater ownership across a suite of related products than under previous law – i.e., the ETF or UIT will not be as limited by affiliates' holdings in the same underlying CEF or BDC
- New rule should facilitate more access to a FoF strategy since it obviates the need to obtain an exemptive order to exceed otherwise applicable statutory limits
- The new rule generally requires that the ETF/UIT enter into an investment agreement with underlying CEFs/BDCs – this agreement is subject to negotiation so there is no guarantee that an ETF or UIT will be able to utilize the new rule for every underlying CEF/BDC it desires

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