

# S-Network CEF Bank Loan/Limited Duration Index

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Q3 2017

**S%NET**  
CLOSED-END FUND  
INDEXES

# Index Overview

- ❑ **A Diversified Portfolio of 40 Senior Bank Loan Closed-End Funds**
- ❑ **All US-Registered**
- ❑ **Modified Net Assets-Weighted**
- ❑ **Qualitative Discount Screen**
- ❑ **Screened for Liquidity**
- ❑ **Designed to Take Advantage of Inefficiencies in the Closed-End Fund Market**

**The S-Network CEF Bank Loan/Limited Duration Index is designed to provide an effective and diversified measure of Closed-End Funds specializing in Senior Bank Debt and Limited Duration Fixed Income Instruments.**

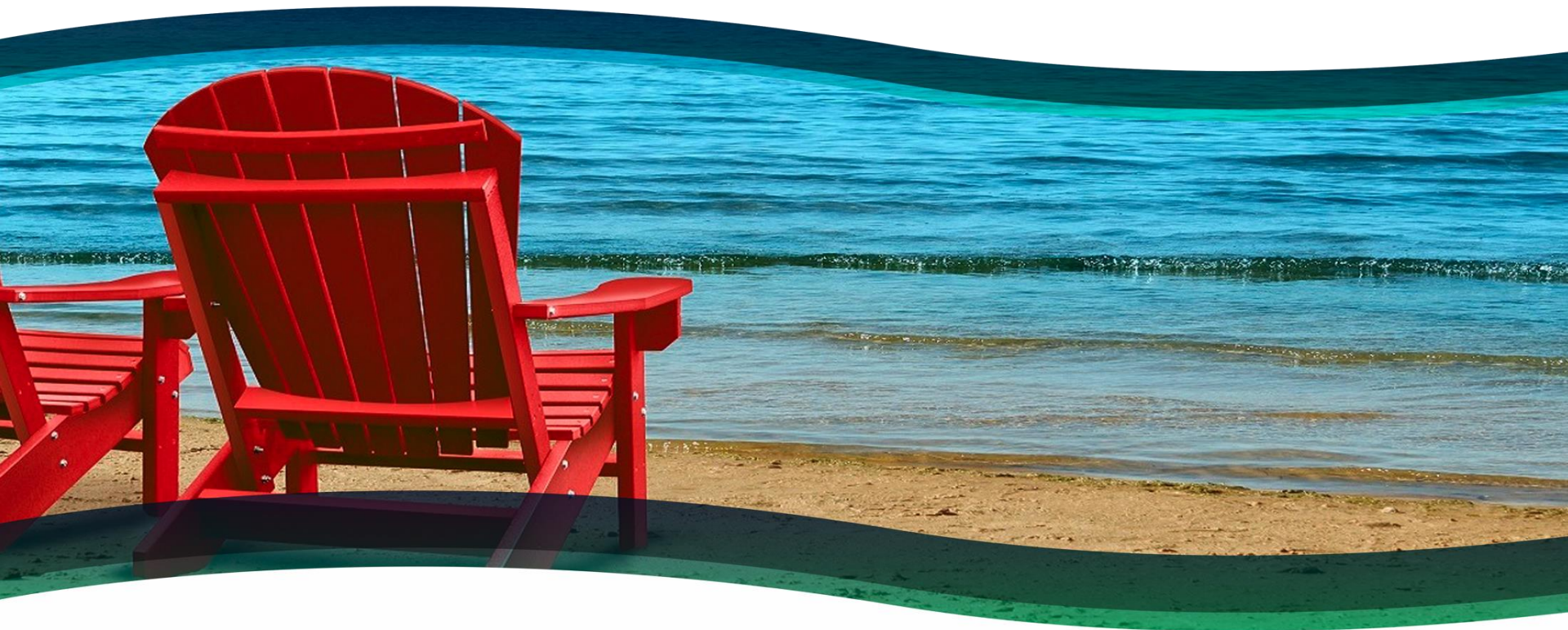
# Closed-End Funds Overview – Key Features

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- ❑ **Diversification**
- ❑ **Professional Management by Well Known Fixed Income Managers**
- ❑ **Periodic Distributions**
- ❑ **Pass Through Taxation**
- ❑ **Opportunity to Buy at a Discount**
- ❑ **Leverage Potential**



**Closed-End Funds – a \$225 Billion Investment Class – Offer Investors a Number of Key Benefits That Are Not Available in Open-End Funds.**



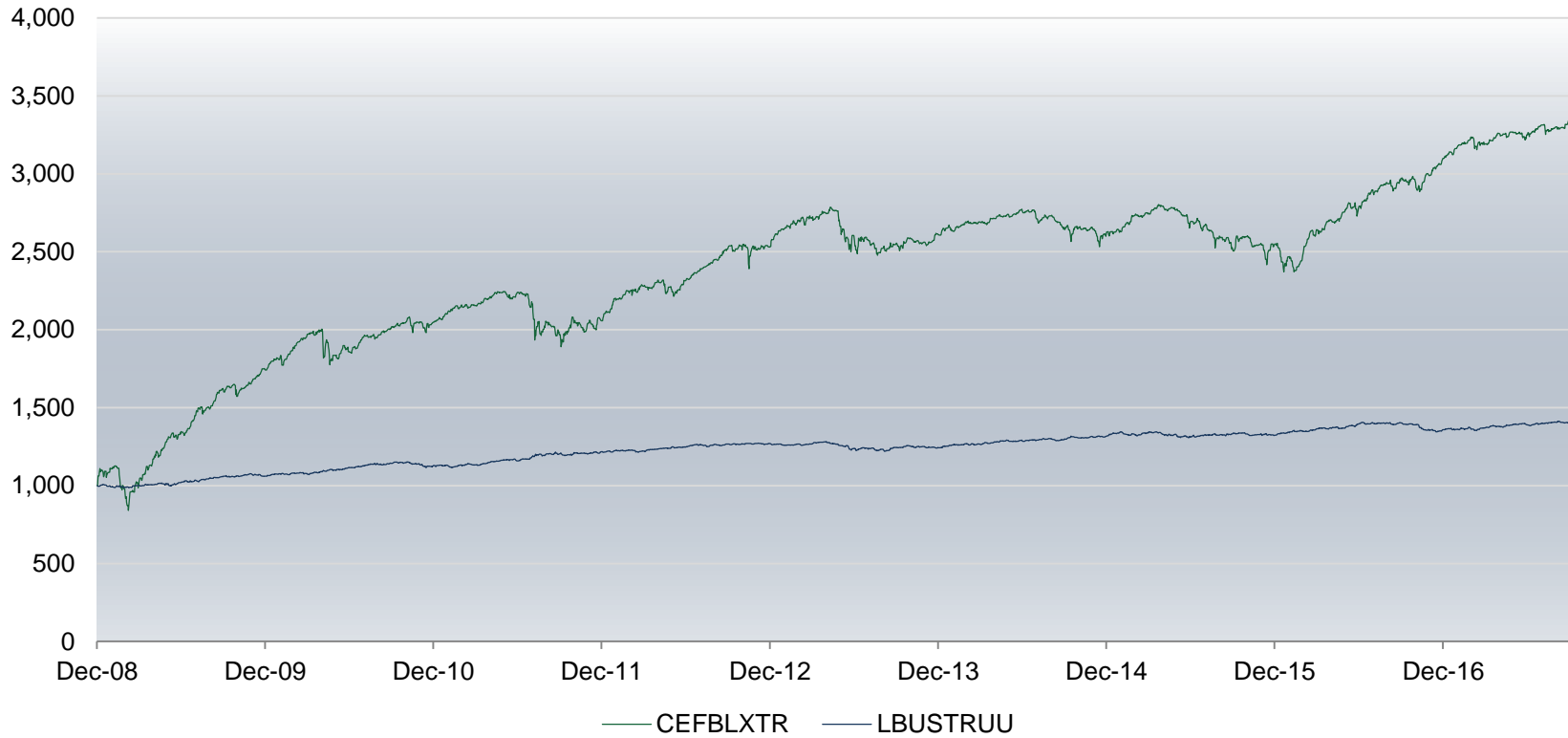
## Index Constituents and Performance

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# Historical Performance vs. Benchmark

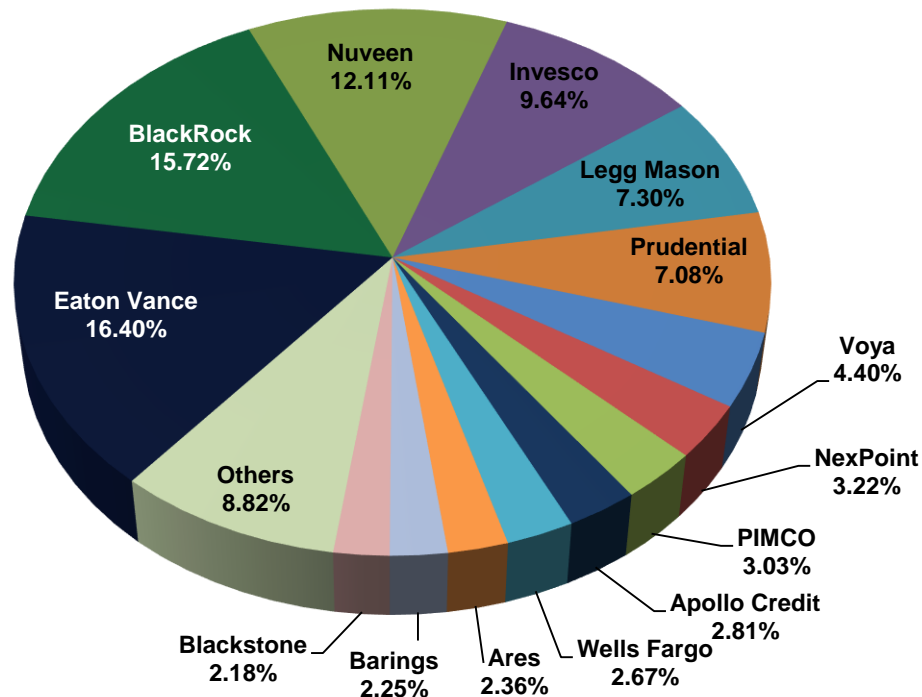
**S-Network CEF Bank Loan/Limited Duration Fund TR Index vs. Barclays U.S. Aggregate Index**  
(12/31/2008–9/30/2017)



Source: Bloomberg as of 9/30/2017

# Index Rationale – Diversified Managers

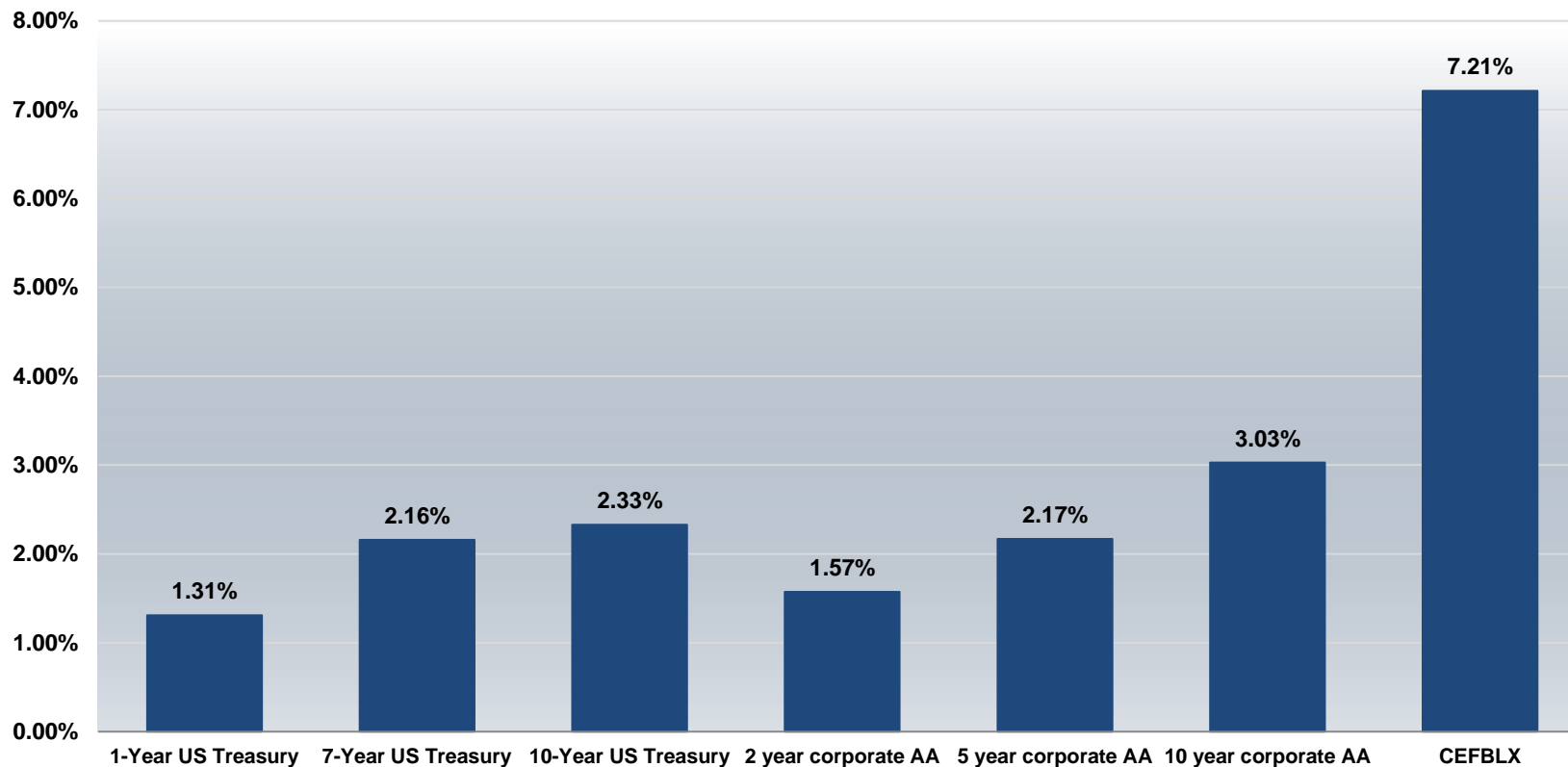
**S-Network CEF Bank Loan/Limited Duration Fund Index:  
Manager Distribution**



Source: Bloomberg as of 9/30/2017

**CEFBLX Diversifies Risk by Manager and Includes the Some of the Leading Fixed Income Managers in the US.**

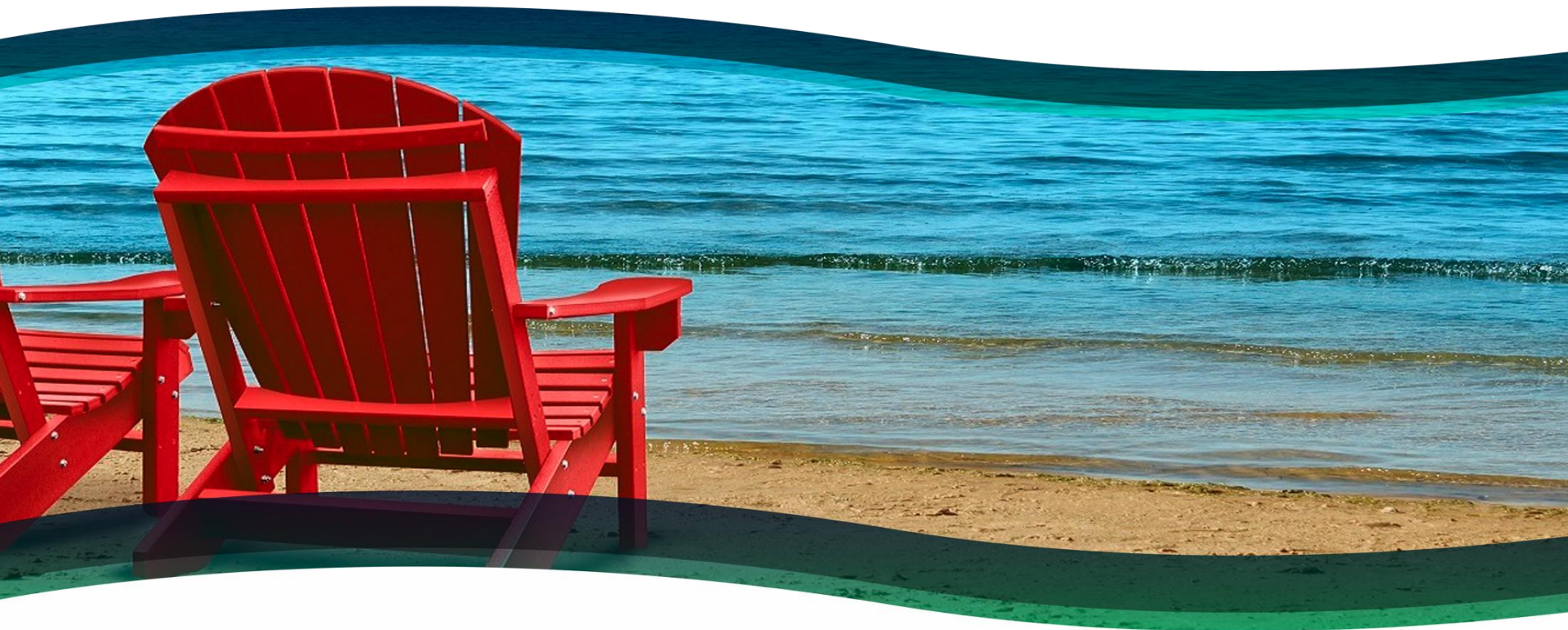
## Current Yields



Source: Bloomberg as of 9/30/2017

**With a Current Yield of 7.21%, CEFBLX has a Higher Yield than Most Other Classes of Fixed Income Investments, Including Government and Corporate Bonds.**





## Index Construction and Fundamentals

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# Index Construction – Eligibility

- ❑ **A Total Universe of ~200 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 Pink Sheets)**
- ❑ **Funds Trading at Premiums > 20% Eliminated**

**CEFBLX is Rules Based, Providing a Fair and Accurate Measure of the Yield-Oriented 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%**

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

# Top Ten Holdings

Fund Name	Ticker	Weight	AUM
Eaton Vance Limited Duration I	EVV US	8.00%	1.63 Billion USD
Western Asset Emerging Markets	EMD US	6.81%	956.14 Million USD
Nuveen Credit Strategies Incom	JQC US	6.56%	1.15 Billion USD
Invesco Dynamic Credit Opportu	VTA US	5.04%	883.20 Million USD
Invesco Senior Income Trust	VVR US	4.60%	808.36 Million USD
Voya Prime Rate Trust	PPR US	4.40%	772.93 Million USD
Blackrock Debt Strategies Fund	DSU US	4.02%	703.07 Million USD
Blackrock Multi-Sector Incom	BIT US	3.99%	713.72 Million USD
Prudential Global Short Durati	GHY US	3.88%	610.99 Million USD
Blackrock Limited Duration Inc	BLW US	3.31%	596.13 Million USD

Source: S-Network as of 9/30/2017

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

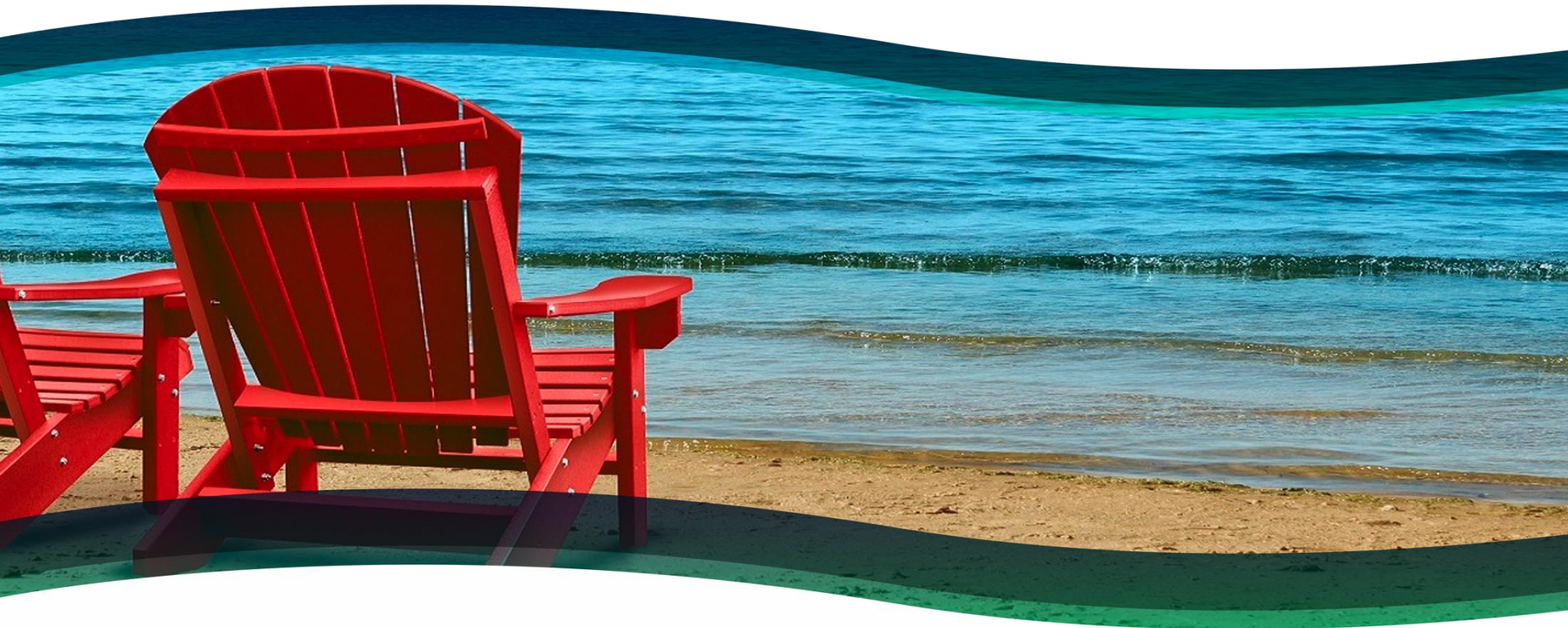


# Capitalization Profile

Market Capitalization Profile	
Number of Constituents	40
Total Market Capitalization	19.07 Billion USD
Largest Market Capitalization	1.63 Billion USD
Smallest Market Capitalization	108.04 Million USD
Average Market Capitalization	476.76 Million USD
Median Market Capitalization	394.89 Million USD

Source: S-Network as of 9/30/2017

**With an Average Market Capitalization of Approximately \$476.76 Million, the CEFBLX Offers a Broad Spectrum of Fund Sizes.**



# Statistical Profiles

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# Statistical Profile I

Total Return Appreciation		
	CEFBLXTR	LBUSTRUU
Since Inception*	234.21%	40.19%
5 Year	32.82%	10.76%
3 Year	25.87%	8.36%
1 Year	12.48%	0.07%

Compound Annual Growth Rate		
	CEFBLXTR	LBUSTRUU
Since Inception*	14.79%	3.94%
5 Year	5.84%	2.06%
3 Year	7.97%	2.71%
1 Year	12.48%	0.07%

\*from 12/31/2008

Source: S-Network as of 9/30/2017



# Statistical Profile II

Annualized Standard Deviation		
	CEFBLXTR	LBUSTRUU
Since Inception*	12.14%	2.83%
5 Year	7.19%	2.84%
3 Year	7.82%	2.85%
1 Year	5.09%	3.15%

Sharpe Ratio		
	CEFBLXTR	LBUSTRUU
Since Inception*	1.1865	1.3150
5 Year	0.7942	0.6521
3 Year	0.9768	0.8315
1 Year	2.1977	-0.2018

\*from 12/31/2008

Source: S-Network as of 9/30/2017



# Data Sources and Availability

- ❑ Rule Book Available at: [www.closedendfundindex.com](http://www.closedendfundindex.com)
- ❑ Historic Data and Portfolio Snapshots at: [www.closedendfundindex.com](http://www.closedendfundindex.com) and various data vendors
- ❑ Constituent Data Available at: [www.closedendfundindex.com](http://www.closedendfundindex.com) and various data vendors
- ❑ Back Test Data from December 31, 2008
- ❑ EOD Index Values in USD (TICKER: CEFBLX)
- ❑ EOD Total Return Index Values in USD (TICKER: CEFBLXTR)

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

# S-Network Indexes – Company History

## □ S-Network Global Indexes

S-Network Global Indexes, Inc. is a publisher and developer of proprietary and custom indexes. Founded in 1997, S-Network publishes over 200 indexes, which serve as the underlying portfolios for financial products with over USD 6 billion in assets under management. S-Network indexes, which are supported by a state-of-the-art technology platform, are known for their transparency and efficiency.

S-Network is a leader in socially responsible investment, publishing best-practice benchmark indexes in collaboration with Thomson Reuters. S-Network published the first global alternative energy and water indexes, which today serve as the recognized benchmarks for those sectors worldwide. In addition to publishing socially responsible indexes, S-Network produces proprietary environmental, social and governance ratings on nearly 5,000 public companies worldwide.

S-Network publishes a comprehensive suite of benchmark indexes covering US, European, Pacific Basin and emerging markets companies and mirroring the performance characteristics of the most popular indexes. The benchmark series offers detailed historical data, including daily constituent level data, from December 31, 1999 to the present. S-Network benchmarks serve as starting universes for smart beta indexes, as institutional-quality performance benchmarks, and as bases for Separately Managed Accounts.

S-Network is a prominent provider of smart beta indexes that incorporate both standard market statistics, as well as unique and highly specialized proprietary data sets derived from non-traditional sources. Smart beta indexes developed by S-Network embrace powerful single-factor models as well as complex multi-factor models that incorporate over 200 discrete factors. All indexes developed by S-Network address and resolve issues such as liquidity, investability and index turnover characteristics.

For more information please visit <http://www.snetglobalindexes.com/>

## □ Paul Mazzilli

Paul most recently served as an Executive Director at Morgan Stanley, which he joined in 1975. From 1997 to 2008, Paul was Director of Morgan Stanley's ETF Research team covering index-linked ETFs and actively managed closed-end fund companies. Paul also spent five years in Equity Capital Markets Services. Paul's team was the first to provide research coverage on index-linked ETFs and won many awards, including the Most Useful ETF Research in the U.S. Every Year Since Inception in 2004 at the annual ETF Global Awards Conference and the Best Research Team for Exchange-Traded Funds in 2007 at the 7<sup>th</sup> Annual Capital Link Forum on Closed-End Funds and ETFs in April 2008.

**CEFBLX Was Developed by S-Network, a Leading Provider of Thematic Indexes and Paul Mazzilli, One of America's Leading Closed-End Fund Analysts.**