Chris Lakumb: Steve, let's start with you with any high-level thoughts that you'd like to share on the closed-end fund space overall.

Steve O'Neill: Sure. Thanks, Chris. I'd say high-level it was a strong quarter. What stands out to me is the discount narrowing on taxable bond funds. On average, taxable bond funds are about a third of the closed-end fund space. And those are trading right around net asset value. And so those are uniquely trading above their long-term average discount or narrower than their long-term average discount, and I think it's interesting to point out a couple of examples. The largest fund in the market on the taxable bond side is a fund issued by PIMCO and that's trading at close to a 20% premium at the end of the third quarter. And so, I think that just really shows the demand for yield. The market has really turned in the closed-end fund space from one of fear and apathy towards-- I'd say we've gone far beyond a reversion to mean. In some cases, investors have fully embraced closed-end funds and have reached for yield.

And so taxable bonds have gotten pretty rich. As I said, the largest one is trading close to 120 cents on the dollar, but that's kind of unique to the taxable bond market. Outside of those high yield bank loans and multi-sector bond funds, you're still seeing a lot of value, specifically in the muni sector. Munis continued to trade really wide. I know my partner, Jon, is going to talk about that here in a minute, but thinking about closed-end funds broadly, munis do look pretty attractive and moving on to the equity side, those generally trade pretty wide. The average is right around a 6% discount, but always you can find closed-end funds in the 10 to 15 percent range on the equity side. Those tend to be driven less by just market sentiment and demand for beta, but more kind of just supply and demand towards a specific asset class or perceived distribution rate. And so, I'd say, kind of summing it up, again, what really stood out was the exceptionally strong performance of taxable bond funds. But I think it's worth highlighting that other parts of the market are still interesting. And munis, specifically, I think, offer a lot of value.

Chris Lakumb: Thanks, Steve. That's a great segue. Jon, why don't you give us a short update on what's going on in the muni closed-end fund space?

Jon Browne: Yeah. In the quarter, munis continue to chug along. The average muni closed-end fund was up around 6%. We saw around 3% discount narrowing, a little less than 3% discount narrowing in the quarter. That streak of positive monthly returns has continued. I think since last October low, we saw 10 of the last 11 months where munis were positive. So, while discounts have come in from their lows, not only last October, but just year to date, they're still sitting around a 6% discount on average with many trading, anywhere between 7 to 9 percent. And that's good enough to put them in the 70th percentile of cheapness versus their sort of historical last 25 years. So, we're still constructive on munis. We see there's a few tailwinds. We saw the Fed cut rates here recently. We're seeing the yield curve steepen, and while we recognize that there could be some uncertainty around the upcoming election, we think that sentiments are shifting and we're seeing retail come back into the municipal closed-end fund space, and that should bode well for discounts narrowing going forward.

Steve O'Neill: Jon, you talked about the election. We've had some volatility here in October. How is the market digesting the backup in rate and those election uncertainties that you were foreshadowing?

Jon Browne: Yeah. Since the Fed cut, we've seen yields on Treasuries back up pretty significantly, unsurprisingly. We've also seen municipal bond yields back up as well. We've seen net asset values fall. Part of that, I believe, has to do with the uncertainty just around the outcome of the election. So, while you've seen the net asset values fall recently, you've also seen a bit of widening, which we believe is giving us a better opportunity to add to the municipal space as well as just trade around that discount volatility.

Chris Lakumb: Thanks, guys. Steve, why don't we go back to you if there's any comments, you'd like to make around the BDC debt or equity space?

Steve O'Neill: Sure. I'd say from the equity side, the common shareholders, it's certainly been a good year. Base rates have been high and spread has been fairly consistent, and so most BDC shareholders have picked up kind of a 10% type of yield, and the price to book has generally expanded for most BDCs. And so, you can see 15, 20 percent type returns in the BDC space. There are a handful of funds that have had some credit hiccups, and those share prices have really been punished. I do think it's kind of just interesting to see how credit concerns play out. There appears to be some air pockets and valuations. So, I would say I'm not expecting BDC share prices to be weak, but I think it's interesting to see how those prices perform when they disappoint investors. So, we're not too active in the space today on the equity side. On the debt side, although we have seen a little bit of a backup in yields here in the fourth quarter, demand for investment-grade bonds continues to be really strong. BDC issuers have been able to come to the market and issue sizable, oversubscribed deals at attractive spreads, paper trading in the secondary market. Spreads continue to grind tighter, interestingly, as short-term rates, we'll call those two, three, five-year type notes. As those interest rates have risen, spreads have really come in a little bit more to offset some of that price decline, and so I would say that market continues to be cheap relative to other investment-grade financials, but BDC debt compared to itself over time is trading on the narrower end of its range.

Chris Lakumb: Thanks, Steve. Last but not least, Eric, any thoughts on the SPAC space? Specifically, if you want to maybe summarize that exchange, we had recently about the IPO market and the secondary market and how things maybe have shifted here. Well, let's just call it 2024, but you know maybe these past few months.

Eric Pestrue: Yeah. So, the IPO market has finally picked up. We had 18 IPOs in the third quarter, and this increased supply is shifting the terms more in investors' favor. With a lot of the current IPOs, we're seeing overfunding of the trust account versus like a year ago, that was less likely to have happened. And I think a really interesting thing about the current IPOs is the number of repeat sponsors. I think that's actually a really good sign for the market that these are teams that they know exactly what they're doing with the SPAC, what they're getting themselves into, and for them, the entire investment that they put upfront is at risk. If they don't close an acquisition, they can have a 100% loss. So, they have to have some confidence that they can close an acquisition within the next two years, and so I think that's something that looks good for investors. I think the terms are getting a little bit better, and I think the pretty good quality sponsor teams.

Chris Lakumb: Thanks, Eric. Maybe just one quick follow-up question there. When you say repeat sponsors, are these sponsors that did deals in 2020, 2021, and now are coming back to market, or are these more recent deals that they've been involved in or older deals? I'm just curious about that.

Eric Pestrue: There's a mix, actually. Several of these teams have actually been around in SPACs for a long time and are on their fourth or fifth or sixth SPAC, and then there's some other ones that were 2020, 2021. And so yeah, overall, I'd say a lot of experience with a lot of the new sponsors or the current sponsors.

Chris Lakumb: Very good. Thanks, guys.

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