

RIVERNORTH®

4Q24 RiverNorth Opportunities Fund, Inc., RiverNorth Capital and Income Fund, Inc., RiverNorth Core Opportunity Fund and RiverNorth/Oaktree High Income Fund Audio Review Transcript

- Chris Lakumb All right, Let's start with RIV.
- Steve O'Neill Yeah. Chris, when we look at the RIV portfolio, from a top-down perspective, not a lot of changes for the fourth quarter. It's our opinion that equity exposure in this book is fairly low, right around 20% of the portfolio. We've got allocations here to SPACs. That's not an equity. We own use as T-Bills plus type investments. That book has been growing. It's about 12% of the portfolio now. The IPO market has picked up a bit, and so our allocation there is increasing. Other large investments would be municipal (muni) closed-end funds. Those had a pretty good year with a weak December, but it's still part of the fixed-income closed-end fund market that we find attractive. And then I would say the last big piece of this portfolio would be investment company debt. This is about 20% of the portfolio. I think we did a really good job building this portfolio. And I'd say timing spreads for this group; the market has performed really well recently. Spreads have come in, which has benefited performance. Kind of the two- to three-year paper that we own wasn't hit by the recent run-up in rates. Those shorter-end rates have been about the same for the year of 2024. So, kind of in summary, when we think about the book, we think about those big pieces. The muni closed-end fund book, the investment company debt, the SPACs, and the equity closed-end funds. Right there, you're at about 75% of the portfolio. And then the balance is opportunistic investments in credit closed-end funds and BDCs. Again, the overall objective here is to generate a high level of income. We do have equities in this book, but not a large allocation. And so, there is less capital appreciation potential. But we're certainly pleased with the risk-adjusted returns for this portfolio.
- Chris Lakumb Thanks, Steve. Let's move on to RSF.
- Steve O'Neill When we think about RSF, I think the primary thing we'd want to highlight in the fourth quarter was the redemption of the preferred. RSF had a five-year preferred that matured. We decided to de-leverage the portfolio for the time being. The effect of that was that the Square portfolio has grown. We decided to maintain our allocation there. I mean, keep in mind, these are 12- to 18-month loans. And so, they're returning cash to us every day. But we do like this part of the asset allocation and decided to maintain an overweight position here. And so, as we de-lever the portfolio, we reduce exposure to closed-end funds and investment company debt in lieu of kind of a pro rata reduction in the portfolio. As we look forward, we remain excited about the high level of income and the loss-adjusted returns on the Square Book. The investment company debt book, that's the second biggest part of the portfolio. We've got a lot of near-term maturities there. And so, to be determined how we use that capital. We'll have to see what the closed-end fund market looks like. But I would say that the closed-end funds, just to highlight them for a minute, were exceptional performers for the year 2024. RSF has had a fairly diversified book of closed-end funds, which includes some equity closed-end funds. That book performed really well. We were able to monetize some of

those investments in the fourth quarter and actually went back to that market in late December as the market presented more opportunities. And so, as I think about this book and investors think about RSF, it's really primarily a portfolio with Square, and then we are opportunistically layering on investment company debt and closed-end fund positions.

Chris Lakumb Thanks, Steve. Let's talk about the River North Core Opportunity Fund.

Steve O'Neill Yeah. When we look at Core Opportunity Fund, I mean, if you unpack the fund, at its core, it is a 40% equity, 60% fixed income book. The equity book in RNCOX remains fairly concentrated. We've got a handful of positions that make up most of the exposure. On the fixed income side, we certainly have an overweight to muni closed-end funds. We like that part of the portfolio. We continue to think muni discounts are really wide relative to taxable closed-end funds in the market and relative to the muni discounts historically. And so again, when you think about the asset allocation within the 60% of the portfolio allocated to fixed incoming cash, munis are a large part of that. And then the balance would be a mixture of bank loans, high-yield, and US preferreds. And so that's how we would think about the asset allocation there. In terms of changes for the quarter, we've had a lot of corporate actions and kind of rotation in the book, which resulted in some cash buildup in the RNCOX portfolio. We were able to reduce that cash somewhat in the fourth quarter and continue to invest opportunistically in closed-end fund opportunities as they present themselves. Yeah. No other comments on RNCOX.

Chris Lakumb Thanks, Steve. And let's turn to the River North Oak Tree High Income Fund.

Steve O'Neill The River North Oaktree High Income Fund, that portfolio continues to be predominantly run by our partners at Oaktree. They are mostly in high-yield bonds today but also have allocations to bank loans. Within our sleeve, we have reduced our exposure to closed-end funds. We're able to monetize some good alpha on closed-end fund trading there and have had a preference for a period of time for investment company debt. Again, this is generally two- to five-year paper with spreads that we think are really attractive relative to high-yield bonds and also- high-yield bonds generally and certainly financial IG bonds in the market today.

Chris Lakumb Great. Thanks, Steve.

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Risk Information: Detailed information regarding the risks associated with RiverNorth Closed-End Funds and RiverNorth Mutual Funds can be found in each Fund's prospectus, respectively.

RiverNorth Closed End Funds:

The price at which a closed-end fund trades often varies from its net asset value (NAV). Some funds have market prices below their NAVs - referred to as a discount. Conversely, some funds have market prices above their NAVs - referred to as a premium. Investing involves risk. Principal loss is possible. Past performance is no guarantee of future results. Diversification does not ensure a profit or a guarantee against loss.

Risk is inherent in all investing. Investing in any investment company security involves risk, including the risk that you may receive little or no return on your investment or even that you may lose part or all of your investment. Therefore, before investing in the Common Shares, you should consider the risks as well as the other information in the prospectus. Past performance is no guarantee of future results. Investments in the Funds are not appropriate for all investors and is not intended to be a complete investment program. The Funds are designed as long-term investments and not as a trading vehicles. The Funds are closed-end funds and do not continuously issue shares for sale as open-end mutual funds do. Since the initial public offering, the Funds trade in the secondary market. Investors wishing to buy or sell shares need to place orders through an intermediary or broker. The share price of a closed-end fund is based on the market's value.

RiverNorth Opportunities Fund, Inc. (RIV): By investing in high yield bonds you may be subjected to greater price volatility based on fluctuations in issuer and credit quality. When investing in bonds, you are subject, but not limited to, the same interest rate, inflation and credit risks associated with the underlying bonds owned by the Fund. Investments may include securities that have a rating that below investment grade, including "high yield" securities. High yield bonds are subject to interest rate risk. If rates increase, the value generally declines. Leverage is a speculative technique that exposes a closed-end fund to greater risk and increased costs than if it were not used. The use of leverage may cause greater volatility in the level of a closed-end fund's NAV, market price and distributions on its common shares. Leverage will also result in higher fees to the closed-end fund manager because the amount of assets under management will be included in the Fund's managed assets. There can be no assurance that a closed-end fund will use leverage or that its leveraging strategy will be successful during any period in which it is employed.

RiverNorth Credit and Income Fund, Inc. (RSF): The profitability of specialty finance and other financial companies is largely dependent upon the availability and cost of capital funds, and may fluctuate significantly in response to changes in interest rates, as well as changes in general economic conditions. If the borrower of Alternative Credit (as defined below) in which the Fund invests is unable to make its payments on a loan, the Fund may be greatly limited in its ability to recover any outstanding principal and interest under such loan, as (among other reasons) the Fund may not have direct recourse against the borrower or may otherwise be limited in its ability to directly enforce its rights under the loan, whether through the borrower or the platform through which such loan was originated, the loan may be unsecured or under collateralized, and/or it may be impracticable to commence a legal proceeding against the defaulting borrower. Substantially all of the Alternative Credit in which the Fund invests will not be guaranteed or insured by a third party. In addition, the Alternative Credit Instruments in which the Fund may invest will not be backed by any governmental authority. Prospective borrowers supply a variety of information regarding the purpose of the loan, income, occupation and employment status (as applicable) to the lending platforms. As a general matter, platforms do not verify the majority of this information, which may be incomplete, inaccurate, false or misleading. Prospective borrowers may misrepresent any of the information they provide to the platforms, including their intentions for the use of the loan proceeds. Alternative Credit Instruments are generally not rated by the nationally recognized statistical rating organizations ("NRSROs"). Such unrated instruments, however, are considered to be comparable in quality to securities falling into any of the ratings categories used by such NRSROs to classify "junk" bonds (i.e., below investment grade securities). Accordingly, the Fund's unrated Alternative Credit Instrument investments constitute highly risky and speculative investments similar to investments in "junk" bonds, notwithstanding that the Fund is not permitted to invest in loans that are of subprime quality at the time of investment. Although the Fund is not permitted to invest in loans that are of subprime quality at the time of investment, an investment in the Fund's Shares should be considered speculative and involving a high degree of risk, including the risk of loss of investment. There can be no assurance that payments due on underlying loans, including Alternative Credit, will be made.

RiverNorth Mutual Funds:

RiverNorth Core Opportunity Fund (RNCIX/RNCOX): Borrowing Risk – borrowings increase fund expenses and are subject to repayment, possibly at inopportune times. Closed-End Fund Risk – closed-end funds are exchange traded, may trade at a discount to their net asset values and may deploy leverage. Derivatives Risk – derivatives are subject to counterparty risk. Equity Risk – equity securities may experience volatility and the value of equity securities may move in opposite directions from each other and from other equity markets generally. Convertible Security Risk – the market value of convertible securities adjusts with interest rates and the value of the underlying stock. Exchange Traded Note Risk – exchange traded notes represent unsecured debt of the issuer and may be influenced by interest rates, credit ratings of the issuer or changes in value of the reference index. Fixed Income Risk – the market value of fixed income securities adjusts with interest rates and the securities are subject to issuer default. Foreign/Emerging Market Risk – foreign securities may be subject to inefficient or volatile markets, different regulatory regimes or different tax policies. These risks may be enhanced in emerging markets. Investment Style Risk – investment strategies may come in and out of favor with investors and may underperform or outperform at times. Management Risk – there is no guarantee that the adviser’s investment decisions will produce the desired results. Large Shareholder Purchase and Redemption Risk – The Fund may experience adverse effects when certain large shareholders purchase or redeem large amounts of shares of the Fund. Market Risk – economic conditions, interest rates and political events may affect the securities markets. Preferred Stock Risk – preferred stocks generally pay dividends, but may be less liquid than common stocks, have less priority than debt instruments and may be subject to redemption by the issuer. REIT Risk – the value of REITs changes with the value of the underlying properties and changes in interest rates and are subject to additional fees. Security Risk – The value of the Fund may decrease in response to the activities and financial prospects of individual securities in the Fund’s portfolio. Short Sale Risk – short positions are speculative, are subject to transaction costs and are riskier than long positions in securities. Small-Cap Risk – small-cap companies are more susceptible to failure, are often thinly traded and have more volatile stock prices. Structured Notes Risk – because of the imbedded derivative feature, structured notes are subject to more risk than investing in a simple note or bond. Swap Risk – swap agreements are subject to counterparty default risk and may not perform as intended. Tax Risk – new federal or state governmental action could adversely affect the tax-exempt status of securities held by the Fund, resulting in higher tax liability for shareholders and potentially hurting Fund performance as well. Underlying Fund Risk – underlying funds have additional fees, may utilize leverage, may not correlate to an intended index and may trade at a discount to their net asset values. Special Purpose Acquisition Companies (SPACs) have no operating history or ongoing business other than to seek a potential acquisition. Certain SPACs may seek acquisitions only in limited industries or regions, which may increase the volatility of their prices. Investments in SPACs may be illiquid and/or be subject to restrictions on resale. To the extent the SPAC is invested in cash or similar securities, this may impact a Fund’s ability to meet its investment objective.

RiverNorth/Oaktree High Income Fund (RNHIX/RNOTX): Borrowing Risk – borrowings increase fund expenses and are subject to repayment, possibly at inopportune times. Closed-End Fund Risk – closed-end funds are exchange traded, may trade at a discount to their net asset values and may deploy leverage. Convertible Security Risk – the market value of convertible securities adjusts with interest rates and the value of the underlying stock. Credit Derivatives Risk – the use of credit derivatives is highly specialized, involves default, counterparty and liquidity risks and may not perfectly correlate to the underlying asset or liability being hedged. Currency Risk – foreign currencies will rise or decline relative to the U.S. dollar. Derivatives Risk – derivatives are subject to counterparty risk. Distressed and Defaulted Securities Risk – defaulted securities carry the risk of uncertainty of repayment. Equity Risk – equity securities may experience volatility and the value of equity securities may move in opposite directions from each other and from other equity markets generally. Exchange Traded Note Risk – exchange traded notes represent unsecured debt of the issuer and may be influenced by interest rates, credit ratings of the issuer or changes in value of the reference index. Fixed Income Risk – the market value of fixed income securities adjusts with interest rates and the securities are subject to issuer default. Foreign/Emerging Market Risk – foreign securities may be subject to inefficient or volatile markets, different regulatory regimes or different tax policies. These risks may be enhanced in emerging markets. Floating Interest Rate Risk – loans pay interest based on the London Interbank Offered Rate (LIBOR) and a decline in LIBOR could negatively impact the Fund’s return. Investment Style Risk – investment strategies may come in and out of favor with investors and may underperform or outperform at times. Large Shareholder Purchase and Redemption Risk – The Fund may experience adverse effects when certain large shareholders purchase or redeem large amounts of shares of the Fund. Liquidity Risk – illiquid investments may be difficult or impossible to sell. Loans Risk – loans may be unrated or rated below investment grade and the pledged collateral may lose value. Secondary trading in loans is not fully developed and may result in illiquidity.

Management Risk – there is no guarantee that the adviser’s or sub-adviser’s investment decisions will produce the desired results. Market Risk – economic conditions, interest rates and political events may affect the securities markets. Preferred Stock Risk – preferred stocks generally pay dividends, but may be less liquid than common stocks, have less priority than debt instruments and may be subject to redemption by the issuer. Security Risk – the value of the Fund may increase or decrease in response to the prospects of the issuers of securities and loans held in the Fund. Swap Risk – swap agreements are subject to counterparty default risk and may not perform as intended. Tax Risk – new federal or state governmental action could adversely affect the tax-exempt status of securities held by the Fund, resulting in higher tax liability for shareholders and potentially hurting Fund performance as well. Underlying Fund Risk – underlying funds have additional fees, may utilize leverage, may not correlate to an intended index and may trade at a discount to their net asset values. Valuation Risk – Loans and fixed-income securities are traded “over the counter” and because there is no centralized information regarding trading, the valuation of loans and fixed-income securities may vary.

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