

CNS Closed-End Fund

Closed-end funds had a market-price return of -0.5% in the first quarter, as measured by the S-Network All Taxable ex-Foreign plus Capped Muni CEF Index¹. By comparison, the S&P 500 Index² and the Bloomberg U.S. Aggregate Bond Index³ had total returns of -4.3% and -0.1%, respectively.

Investment Review

Closed-end funds were broadly flat during a turbulent quarter marked by heightened geopolitical risk. Escalating tensions between the U.S. and Iran raised concerns about a potential energy-driven inflation shock, as regional energy supply disruptions pushed energy prices sharply higher. Stocks and bonds sold off globally, erasing earlier year-to-date gains. Elevated inflation expectations, coupled with weakening growth prospects, contributed to modest credit spread widening across fixed income sectors. Although central banks largely held policy rates steady in March, market sentiment turned more hawkish as investors pushed out rate-cut expectations, driving bond yields higher.

Performance across the three major closed-end fund categories varied during the quarter, with the equity funds posting positive returns, while the fixed income and tax-free municipal bond funds recorded declines. With respect to valuations, overall closed-end fund discounts to net asset value (NAV) widened from -2.6% to -5.4%.

Equity funds advanced, led by strong performance in MLP and diversified commodity funds. MLP funds benefited from surging natural gas demand tied to AI-driven data center expansion and growing U.S. liquefied natural gas (LNG) exports, while elevated oil prices amid Middle East conflict provided additional support. Diversified and single commodity funds initially gained, driven by elevated volatility but gave back some gains in March as investors rotated toward the U.S. dollar, drawn by rising yields and greater liquidity. Defensive sectors—notably utilities and real estate—also attracted increased investor interest.

Tax-free municipal bond funds declined modestly as higher long-term yields weighed on underlying bond prices. However, discounts narrowed over the quarter, supported by earlier rate-cut expectations that boosted demand for these long-duration funds, which stand to benefit from lower leverage costs.

Taxable fixed income funds posted negative returns, with discounts widening significantly, especially among credit-sensitive strategies. Bank loan funds—particularly those focused on collateralized loan obligations (CLOs)—experienced notable valuation deterioration. Growing investor caution toward leveraged lending, amid broader apprehension surrounding private credit markets, weighed on

these funds. High-yield and multi sector bond funds also fell, pressured by concerns over underlying credit quality. Emerging market bond funds surrendered earlier gains and finished in negative territory following the unwinding of previously favored positioning.

Investment Outlook

The backdrop for risk assets and for closed-end funds has become increasingly uncertain. While the economy is perceived to be in a solid state, the risks have increased significantly. Geopolitical volatility has emerged as a more prominent concern this year, with policy developments under the U.S. administration exacerbating uncertainty. Despite geopolitical conflict abroad, the direct impact on the U.S. economy is limited, although indirect channels, including energy markets, matter. We expect continued volatility and headline risks, which can create tactical opportunities for efficient capital deployment. Monetary and fiscal policy specifics from the administration remain a key factor to consider, as is the appointment of a new Federal Reserve chairperson. While the Federal Reserve is likely to lower rates over time, the path may be delayed given current inflation and labor market dynamics. Despite these uncertainties, companies are showing increased confidence in providing forward-looking guidance, which suggests potential growth and job creation.

The primary market for closed-end fund IPOs saw some activity with a couple of launches in the quarter. However, the market is likely to remain subdued until positive performance and more confidence in the future path of interest rates take hold. Incremental capital raises have occurred through rights offerings, and there has been some consolidation of funds in the municipal fund space, which often creates short-term price dislocations and tactical opportunities. From a valuation standpoint, equity and taxable fixed income funds are trading at discounts to long-term averages, while tax-free municipal bond funds are trading closer to historical norms. We see attractive opportunities across the board, particularly in the taxable fixed income space, which has repriced lower over the last few months.

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(1) Returns are based on market price. Prior to 7/31/19, the benchmark was the Morningstar US All Taxable Ex-Foreign Equity Index. Thereafter, it is the S-Network All Taxable ex-Foreign plus Capped Muni CEF Index. The S-Network All Taxable ex-Foreign plus Capped Muni CEF Index is a market capitalization-weighted index comprising all taxable closed-end funds and Diversified Municipal Bond Funds, except for single-country funds and region-specific equity funds. The Morningstar US All Taxable Ex-Foreign Equity Index measures the market-capitalization-weighted total return of taxable equity and fixed income closed-end funds; it excludes international, regional and country closed-end funds. Index returns update frequently and are subject to change. All closed-end fund sector returns are based on Cohen & Steers calculations and classifications of the current U.S. listed closed end fund universe.

(2) The S&P 500 Index is an unmanaged index of 500 large capitalization, publicly traded stocks that is frequently used as a general measure of stock market performance.

(3) The Bloomberg U.S. Aggregate Bond Index includes U.S. government, corporate and mortgage-backed securities with maturities of at least one year. Benchmark returns are shown for comparative purposes only and may not necessarily be representative of the Fund's portfolio.

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Closed End Sector Returns

	Q1 2026		YTD 2026	
	Market	NAV	Market	NAV
Single Commodity	4.87%	5.69%	4.87%	5.69%
Diversified Commodity	13.30%	21.14%	13.30%	21.14%
Option Income	-5.10%	-2.97%	-5.10%	-2.97%
US General Equity	-3.49%	-1.56%	-3.49%	-1.56%
US Hybrid	-0.55%	-0.18%	-0.55%	-0.18%
Global Equity	-1.99%	0.16%	-1.99%	0.16%
Global Hybrid	1.30%	1.79%	1.30%	1.79%
Sector Equity	-2.96%	-2.46%	-2.96%	-2.46%
MLP	20.70%	20.78%	20.70%	20.78%
Real Estate	2.67%	1.52%	2.67%	1.52%
Utilities	6.04%	10.33%	6.04%	10.33%
Convertibles	0.23%	1.22%	0.23%	1.22%
EM Bond	-4.13%	-0.98%	-4.13%	-0.98%
Global Income	-0.73%	-1.17%	-0.73%	-1.17%
US Government	0.37%	0.25%	0.37%	0.25%
High Yield	-2.84%	-1.53%	-2.84%	-1.53%
Bank Loan	-7.30%	-1.82%	-7.30%	-1.82%
Multi-Sector	-2.44%	-0.96%	-2.44%	-0.96%
Short Duration	-2.91%	-1.26%	-2.91%	-1.26%
Investment Grade	-3.64%	-1.14%	-3.64%	-1.14%
Preferreds	-2.64%	-1.36%	-2.64%	-1.36%
US Sector Bond	-1.05%	0.28%	-1.05%	0.28%
Taxable Municipal	0.63%	0.56%	0.63%	0.56%
Regional EME	-0.33%	-1.49%	-0.33%	-1.49%
Diversified EME	6.06%	6.64%	6.06%	6.64%
Regional DME	2.43%	4.24%	2.43%	4.24%
National Municipal	-0.76%	-0.38%	-0.76%	-0.38%
CA State Municipal	-0.38%	-0.53%	-0.38%	-0.53%
NY State Municipal	0.42%	-0.45%	0.42%	-0.45%
State Municipal-Other	1.26%	-0.66%	1.26%	-0.66%
Municipal High	3.17%	-0.08%	3.17%	-0.08%

Source: Cohen & Steers.

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The S-Network All Taxable ex-Foreign plus Capped Muni CEF Index is a market capitalization-weighted index comprising all taxable closed-end funds and Diversified Municipal Bond Funds, except for single-country funds and region-specific equity funds. The index reconstitutes and rebalances quarterly.

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