



ICI Research Perspective

The Closed-End Fund Market, 2025

Key Findings

- » **Total closed-end fund (CEF) assets were \$791 billion at year-end 2025.** Traditional CEFs had total assets of \$257 billion, interval funds had total assets of \$131 billion, tender offer funds had total assets of \$116 billion, and business development companies (BDCs) had total net assets of \$286 billion.
- » **The number of traditional CEFs continued to fall, from 393 funds at year-end 2024 to 364 funds by year-end 2025.** The number of traditional CEFs has fallen for 14 consecutive years and is down 43% from year-end 2011.
- » **Average traditional CEF discounts fluctuated throughout 2025 and ended the year close to where they began.** Traditional CEF discounts have persisted over time, and the majority of traditional CEFs generally trade at a discount.
- » **Total assets in interval funds, tender offer funds, and BDCs continued to climb in 2025.** Total assets in these vehicles nearly quadrupled from \$140 billion at year-end 2020 to \$534 billion at year-end 2025.
- » **Interval funds, tender offer funds, and BDCs continue to provide investors with access to alternative investments.** 64% of interval fund assets—as well as BDCs generally—are invested in private credit strategies such as direct lending, while 69% of tender offer fund assets are invested in funds that invest in private equity, private funds, or hedge funds.
- » **Unlisted CEFs continued their rapid expansion, with 58 new interval funds, tender offer funds, and BDCs launching in 2025.** Many of these CEFs are managed by new sponsors, bringing diversity and competition to the market.
- » **CEF investors differ from mutual fund investors in that CEF investors tend to express more willingness to take financial risk.** An estimated 4.4 million US households held CEFs in 2025.

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For a complete set of data files for each figure in this report—including a statistical appendix with additional data—see www.ici.org/files/2026/per32-03-data.xlsx.

The following, unless otherwise specified, apply to all data in this report: dollars and percentages may not add to the totals presented because of rounding.

What Is a Closed-End Fund?

Closed-end funds (CEFs) are one of four main types of investment companies, along with mutual funds, exchange-traded funds (ETFs), and unit investment trusts (UITs). Historically, the vast majority of CEFs have been “listed” CEFs—investment companies that issue a fixed number of common shares in an initial public offering (IPO) that are publicly traded on an exchange or in the over-the-counter market, like traditional stocks. Once issued, shareholders may not redeem those shares directly to the fund, though some CEFs may repurchase shares through stock repurchase programs or through a tender for shares. Subsequent issuance of common shares generally only occurs through secondary or follow-on offerings, at-the-market offerings, rights offerings, or dividend reinvestments.¹ Listed CEFs primarily include traditional CEFs but may also include interval funds and business development companies (BDCs) that are listed on exchanges.

There are also “unlisted” CEFs, which have recently seen steady asset growth. Unlisted CEFs are not listed on an exchange but are sold publicly to retail investors, mainly through intermediaries, or to certain qualified investors through private placement offerings.² Unlike listed CEFs, unlisted CEFs do not issue a fixed number of shares but are permitted to continuously offer their shares at net asset value (NAV) following their IPO. As they are not traded on an exchange, unlisted CEFs engage in scheduled repurchases or tender offers for a certain percentage of the CEF’s shares to allow shareholders to exit the fund. The ability of a shareholder to exit the CEF is dependent on the timing of the scheduled repurchase or tender offer and whether the repurchase or tender is “over-subscribed.”³ Unlisted CEFs include tender offer funds, most interval funds, and BDCs.

A CEF’s assets are professionally managed in accordance with the fund’s investment objectives and policies and may be invested in stocks, bonds, and other assets. Because CEFs do not face daily redemptions, there is little need to maintain cash reserves, and they can typically be fully invested according to their strategies. Also, other than for any upcoming repurchase or tender offer, CEFs do not sell portfolio securities daily and so have the flexibility to invest in less-liquid portfolio securities. For example, a CEF may invest in securities of very small companies and municipal bonds that are not widely traded. CEFs may also invest in private funds or make loans to small- to medium-sized companies.

CEFs also are permitted to issue one class of preferred shares in addition to common shares. Holders of preferred shares are paid dividends but do not participate in the gains and losses on the fund’s investments.⁴ Issuing preferred shares allows a CEF to raise additional capital, which it can use to purchase more assets for its portfolio.

Traditional CEFs

Traditional CEFs issue a fixed number of shares during an IPO that are then listed on an exchange or traded in the over-the-counter market where investors buy and sell them in the open market (i.e., all traditional CEFs are listed CEFs). The market price of a traditional CEF fluctuates like that of other publicly traded securities and is determined by supply and demand in the marketplace.

Secondary Market Trading of Traditional CEFs

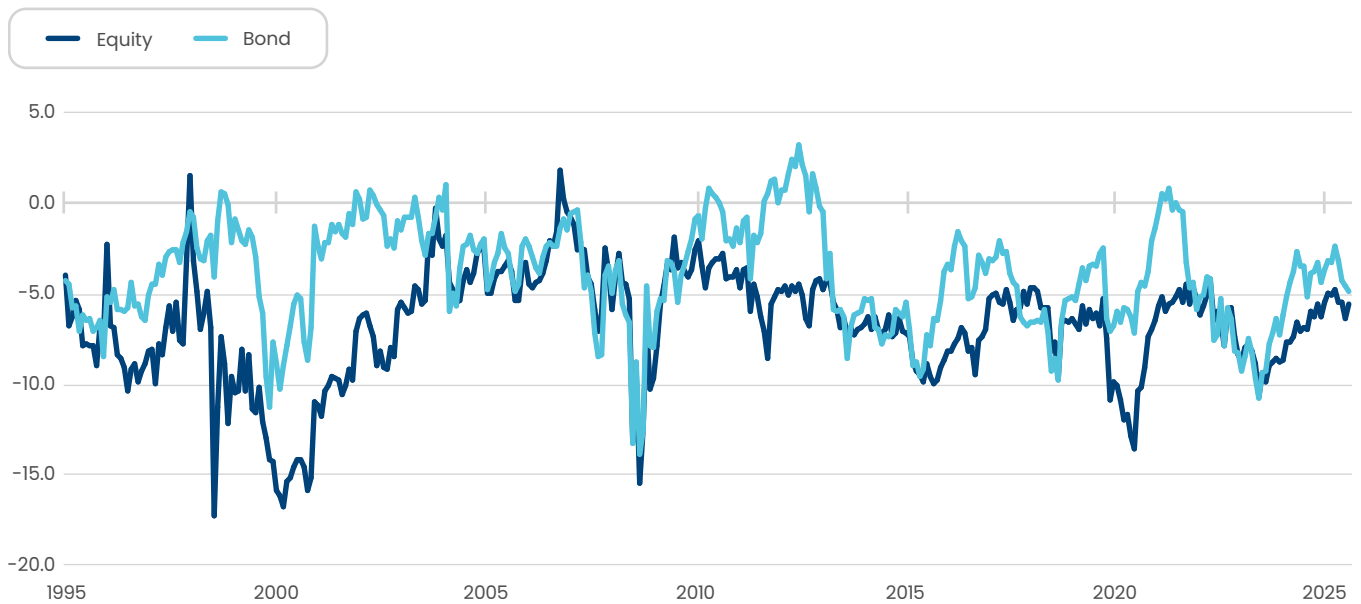
More than 95% of traditional CEFs calculate the value of their portfolios every business day, while the rest calculate their portfolio values weekly or on some other basis. The NAV of a CEF is calculated by subtracting the fund's liabilities (e.g., fund borrowing) from the current market value of its assets and dividing by the total number of shares outstanding. The NAV changes as the total value of the underlying portfolio securities rises or falls, or the fund's liabilities change.

Because a traditional CEF's shares trade based on investor demand, the fund may trade at a price higher or lower than its NAV. A CEF trading at a share price higher than its NAV is said to be trading at a "premium" to the NAV, while a CEF trading at a share price lower than its NAV is said to be trading at a "discount." Funds may trade at premiums or discounts to the NAV for a number of potential reasons, such as market perceptions or investor sentiment.⁵ For example, a CEF that invests in securities that are anticipated to generate above-average future returns and are difficult for retail investors to obtain directly may trade at a premium because of a high level of market interest. By contrast, a CEF with large unrealized capital gains may trade at a discount because investors will have priced in any perceived tax liability. Unlisted CEFs—which are sold and repurchased based on NAV—do not have premiums or discounts.

Equity CEF discounts narrowed from 7.0% at year-end 2024 to 4.8% in August 2025, before widening back to 5.6% by year-end. Bond fund discounts followed a similar pattern, narrowing from 5.2% to 2.4% in August before widening back to 4.9% at year-end 2025 (Figure 1, top panel). Generally, traditional CEF discounts have persisted over time, and the majority of traditional CEFs trade at a discount in any given month (Figure 1, bottom panel).

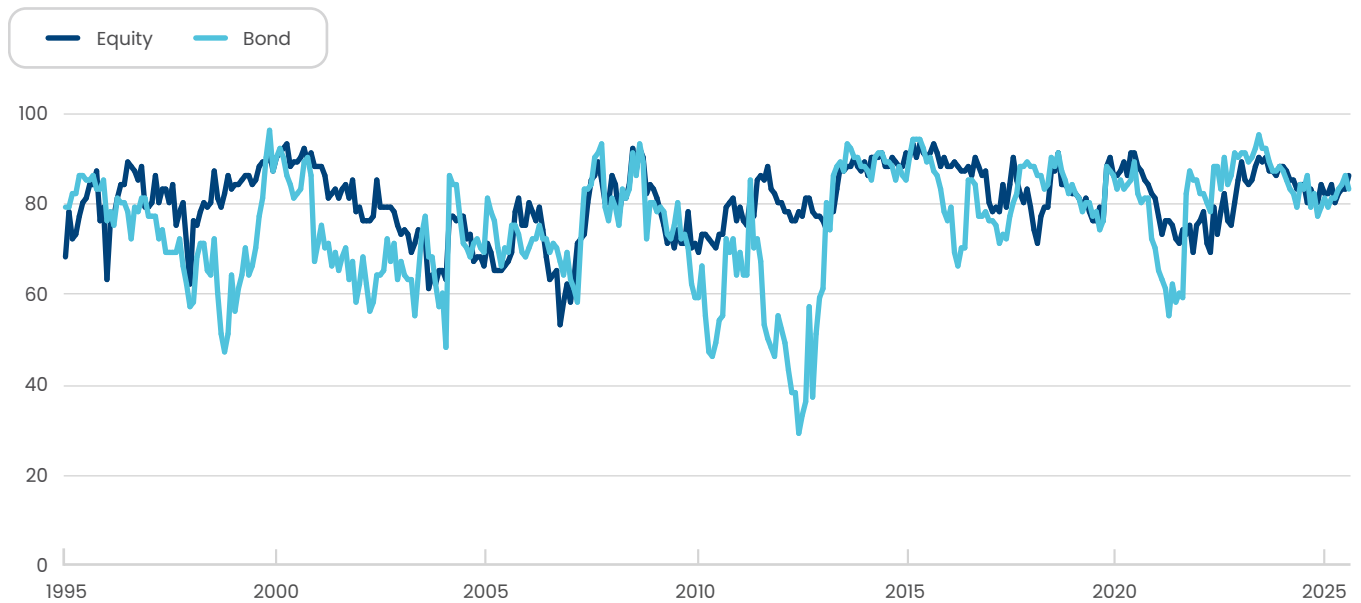
FIGURE 1
Traditional CEF Discounts Have Persisted Over Time

Percent, month-end



And Most Traditional CEFs Trade at Discounts in Any Given Month

Percentage of total traditional CEFs trading at a discount, month-end



Note: The premium/discount rate is the simple average of the percent difference between the share price and NAV at month-end..

Source: Investment Company Institute calculations of Bloomberg and Refinitiv data

Shareholder Activism in the Traditional CEF Market

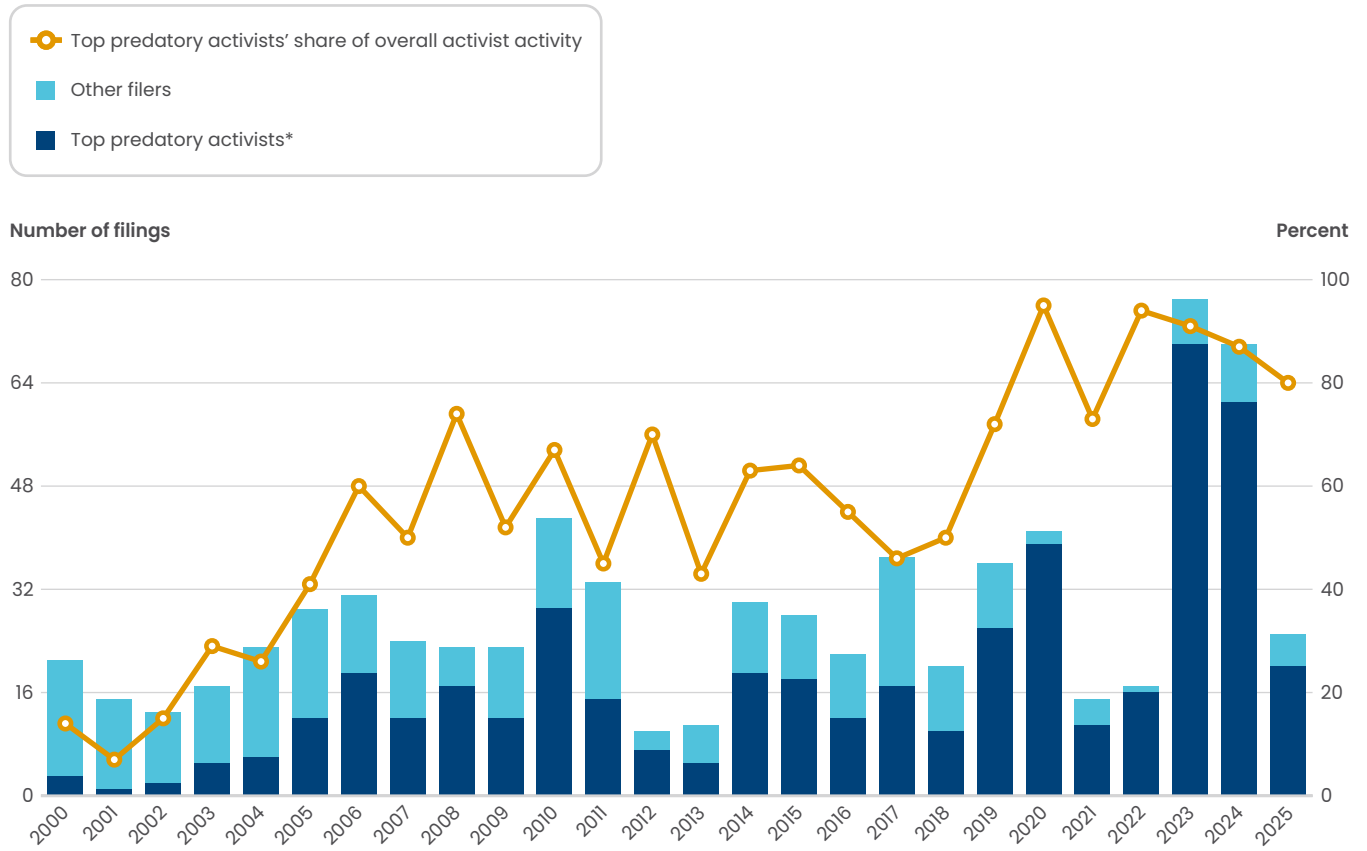
The persistence and prevalence of discounts—in combination with trading on the secondary market—provide traditional CEF shareholders the ability to realize gains through changes in the fund’s market price. For example, if a traditional CEF is trading at a discount and a shareholder expects that discount to narrow over some period, then the shareholder may attempt to capture a gain by buying the shares of the CEF at the lower price with the intent of selling them at a higher price in the future.⁶

Traditional CEFs can also conduct certain liquidity events to provide shareholders with the difference between the fund’s market price and its NAV. Traditional CEFs may repurchase shares at, or close to, NAV through share repurchases or tender offers. Additionally, if a traditional CEF liquidates, then shareholders will receive a cash distribution equal to NAV for all common shares, and if a CEF converts to or merges with an open-end fund, then shareholders will have the option to redeem their shares at NAV. The availability of these liquidity events makes traditional CEFs susceptible to activist investors—shareholders whose primary objective is to capture short-term profits by purchasing a stake in a fund at a discount and use their voting power to pressure the fund to take an action that results in one of these liquidity events.

Shareholder activism has been present among traditional CEFs for a long time, but in recent years, it has become very concentrated among a select number of shareholders. In 2025, activists filed 25 Schedule 13D and contested proxy filings targeting 24 distinct traditional CEFs. This represents a sharp decrease from the extraordinary amount of activism in 2023 and 2024, but it is on par with the average level of activity between 2000 and 2025 (Figure 2).⁷ More importantly, recent activism continues to be concentrated among just a few shareholders. In 2025, 80% of activity was concentrated among just three activist shareholders. These three activists have widespread ownership of traditional CEFs, holding shares in about 30% of all traditional CEFs at year-end 2025.

FIGURE 2

Activist Activity Fell Sharply in 2025, But Concentration Among Top Activists Remained



* Top predatory activists are the three most engaged activists since 2015 as measured by the number of Schedule 13D and contested preliminary proxy (PREC 14A) filings.

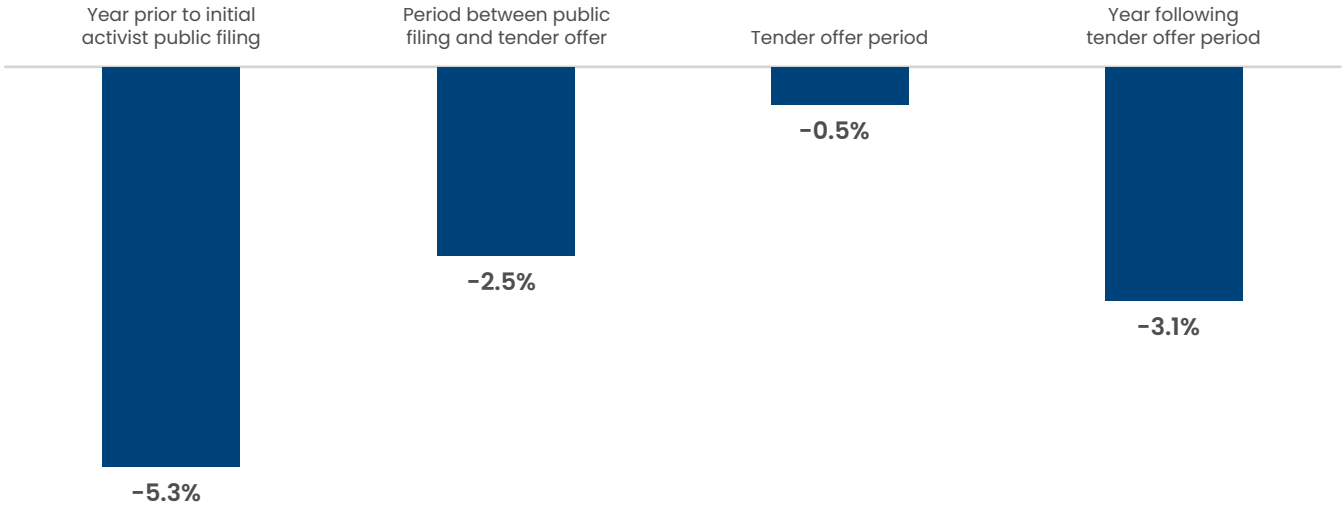
Source: Investment Company Institute calculations of publicly available SEC filings

Activist shareholders have historically claimed that their involvement benefits all CEF shareholders, including long-term shareholders, and will lead to improvements in the fund’s discount. These improvements, however, tend to be short-lived. After studying traditional CEFs that held an activist-induced tender offer between 2015 and August 2024, we found that, on average, these funds’ excess discounts—a fund’s discount relative to the discount of other CEFs in the same asset class—narrowed in the window between the initial activist public filing and the completion of the tender offer (Figure 3). The narrower discount is likely related to the tender offer event because the CEF will be buying back some percentage of shares at or close to NAV; all else equal, one should see the market price narrow toward the NAV.

However, activist involvement does not appear to improve traditional CEF discounts in the long term. Average excess discounts tend to widen back toward their pre-activist levels within the first year after CEFs hold an activist-induced tender offer.⁸ During this period, the activist typically exits the targeted CEF—activists completely exited 72% of the CEFs for which they were able to successfully secure tender offers between January 2015 and July 2025.

FIGURE 3
Generally, Activism Does Not Improve Discounts Over the Long Term

On average, excess discounts* on CEFs widen back out after activist involvement



* *Excess discount* is the simple average discount of the given CEF over the specified period minus the simple average discount of all funds in the same investment objective over the specified period.

Note: Sample includes 41 funds with forced tender offers between 2015 and August 2024.

Sources: Investment Company Institute and Morningstar

Total Assets and Net Issuance of Traditional CEFs

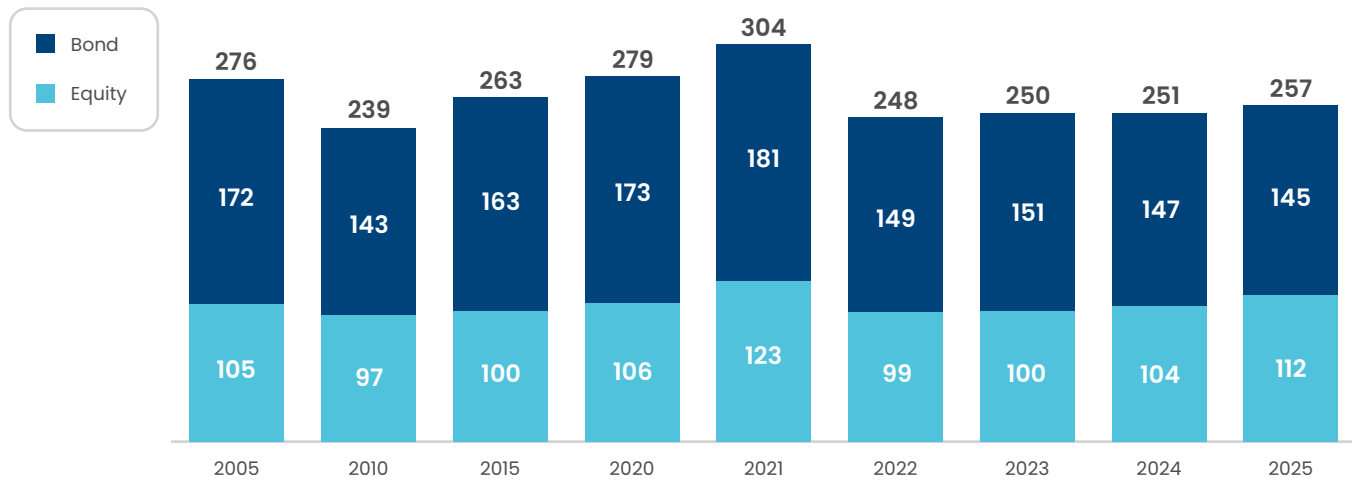
At year-end 2025, there were 364 traditional CEFs, with total assets of \$257 billion (Figure 4). The modest increase in CEF assets in 2025 reflected market returns. At year-end 2025, bond CEFs accounted for the majority of assets (56%) in traditional CEFs, with the remainder held by equity CEFs.

The number of traditional CEFs available to investors decreased in 2025 for the 14th consecutive year—falling 43% from 634 funds at year-end 2011 to 364 funds at year-end 2025 (Figure 4). In recent years, more traditional CEFs were liquidated, merged, or converted into open-end mutual funds or ETFs than were launched.

FIGURE 4

Total Assets of Traditional CEFs Have Stagnated in Recent Years and the Number of Traditional CEFs Has Significantly Decreased

Billions of dollars, year-end



	2005	2010	2015	2020	2021	2022	2023	2024	2025
Number of CEFs	635	626	561	483	452	436	412	393	364
Bond	444	422	355	308	284	271	254	245	227
Equity	191	204	206	175	168	165	158	148	137

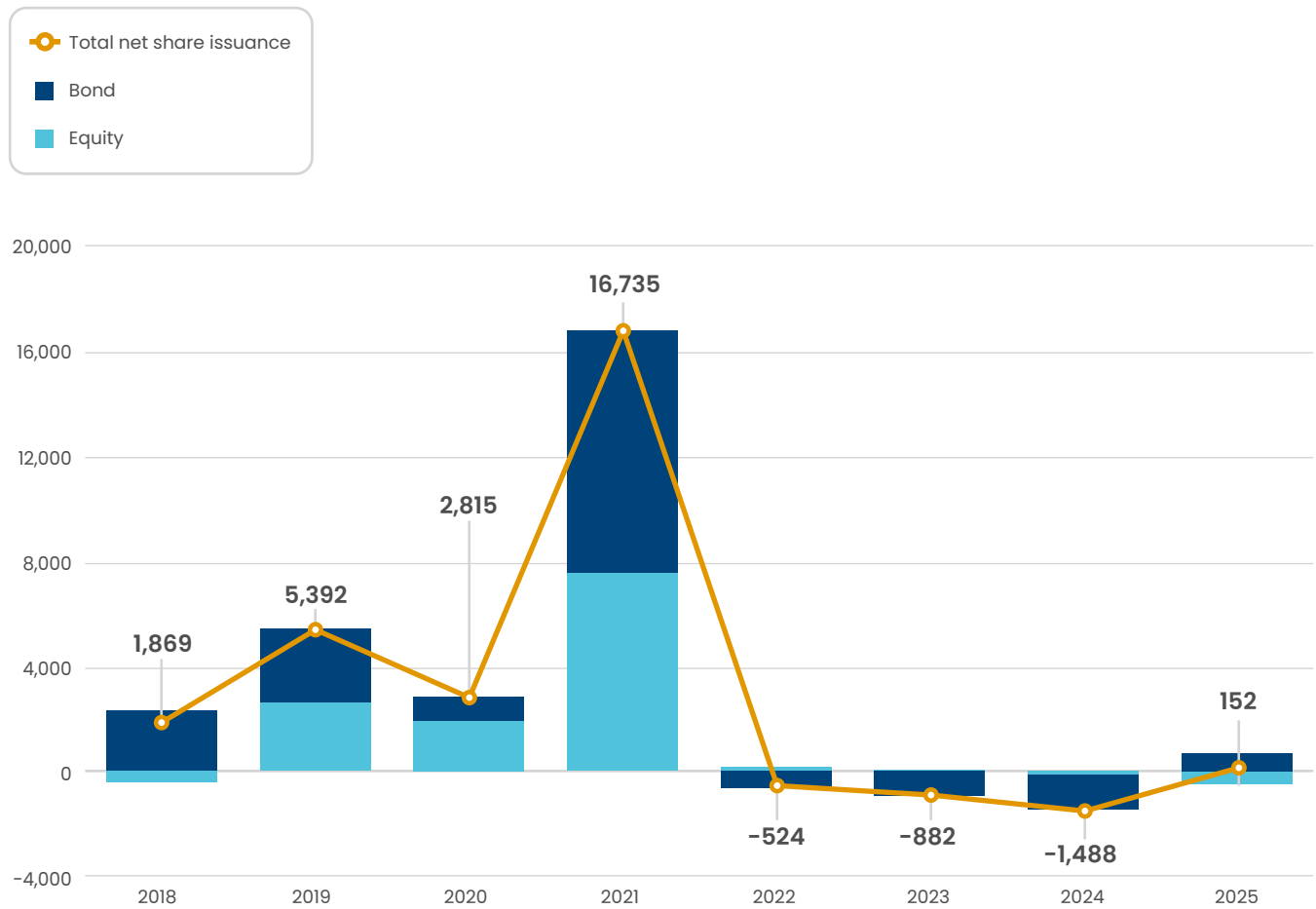
Note: *Total assets* is the fair value of assets held in CEF portfolios funded by common and preferred shares less any liabilities (not including liabilities attributed to preferred shares). Data prior to 2018 may include a small number of interval funds or tender offer funds.

Source: Investment Company Institute

Traditional CEFs had positive net share issuance of \$152 million in 2025, which follows negative net issuance of \$1.5 billion in 2024 (Figure 5.2). In 2025, equity CEFs had net redemptions of \$516 million, while bond CEFs had net issuance of \$668 million. Positive returns on stocks and bonds around the world were not enough to bolster demand for traditional CEFs in 2025—another year with just 3 new traditional CEFs entering the market.

FIGURE 5
Traditional CEF Net Share Issuance Edged Slightly Positive in 2025

Millions of dollars, annual



Note: Net share issuance is the dollar value of gross issuance (proceeds from initial and additional public offerings of shares) minus gross redemptions of shares (share repurchases and fund liquidations).

Source: Investment Company Institute

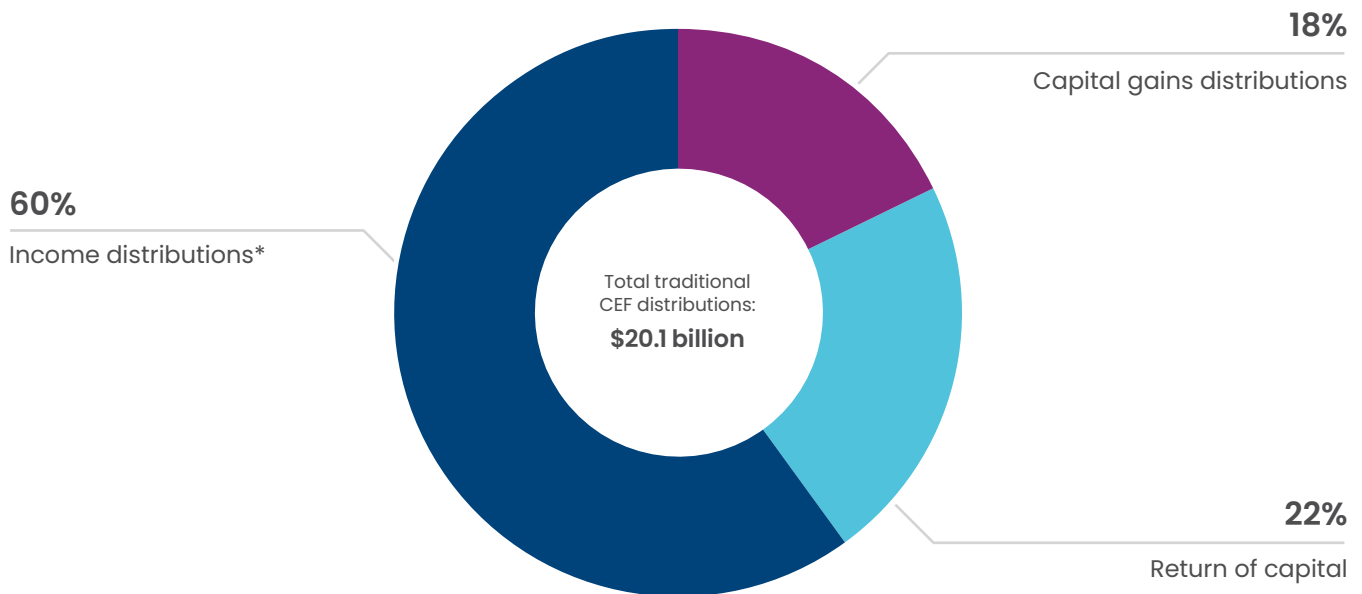
Traditional CEF Distributions

In 2025, traditional CEFs distributed an estimated \$20.1 billion to shareholders (Figure 6). CEFs may make distributions to shareholders from three possible sources: income distributions, which are payments from interest and dividends that the fund earns on its investments in securities; realized capital gains distributions; and return of capital. Income distributions accounted for the majority (60%) of traditional CEF distributions. Capital gains distributions accounted for 18% of traditional CEF distributions and return of capital for 22%.

FIGURE 6

Most Traditional CEF Distributions Are From Income Distributions

Percentage of traditional CEF distributions, 2025



* Income distributions are paid from interest and dividends that the fund earns on its investments in securities.

Source: Investment Company Institute

Some CEFs follow a managed distribution policy, which allows them to provide predictable, but not guaranteed, cash flow to common shareholders. The goal of a managed distribution policy is to reduce the uncertainty regarding future cash flows for common shareholders. The payment from a managed distribution policy is typically paid to common shareholders on a monthly or quarterly basis and can be a regular fixed cash payment or an amount based on a percentage of a fund's assets.⁹ Managed distribution policies for traditional CEFs are used most often in multi-strategy or equity-based CEFs where capital appreciation is an important part of a fund's expected total return.¹⁰

Managed distribution policies may have potential advantages for common shareholders. First, a CEF with a managed distribution policy can be an important tool for investors seeking steady income or cash flow. Second, a managed distribution policy permits a fund to offer regular cash flow from strategies not typically associated with regular income. Third, for traditional CEFs, having a managed distribution policy in place may help support the fund's share price and may help reduce any discount between the CEF's share price and its NAV.¹¹

Managed distribution policies may also have disadvantages for common shareholders. Regular distributions provide common shareholders with predictable cash inflows but also result in consistent cash outflows from the fund. This reduces the amount of assets available for investment by a fund's adviser and may cause a fund to hold a larger cash position than otherwise necessary in order to pay regular distributions. In addition, if a CEF consistently pays distributions that are greater than the fund's total return, a portion of the distributions will be made from a return of capital, and the fund eventually will deplete its capital.¹²

Return of capital distributions from CEFs may result from unrealized capital gains, pass-through return of capital from underlying holdings, or just the return of investors' own capital. In order to avoid selling securities that are expected to continue to appreciate, a CEF may use cash holdings to pay a distribution based on the expected capital gains. In this scenario, the fund's total return would exceed the distribution rate if the expected gains were realized.

Certain types of portfolio securities, such as master limited partnerships (MLPs), generate return of capital through their ordinary business operations. MLPs generally do not pay taxes, as they pass through income and gains to investors. MLPs pay distributions based on their cash flow, but because MLPs tend to be focused on energy-related operations, they typically have large depreciation and amortization costs that offset the income. Therefore, the cash that is generated from operations is issued as a return of capital from the MLP, and a CEF holding these types of securities must pass through the return of capital to its shareholders.¹³

When a CEF maintains a distribution rate that exceeds income generated from interest income, dividends, and capital gains, then the excess will result in a return of the investors' own capital, which will decrease the assets available to the fund to generate income.

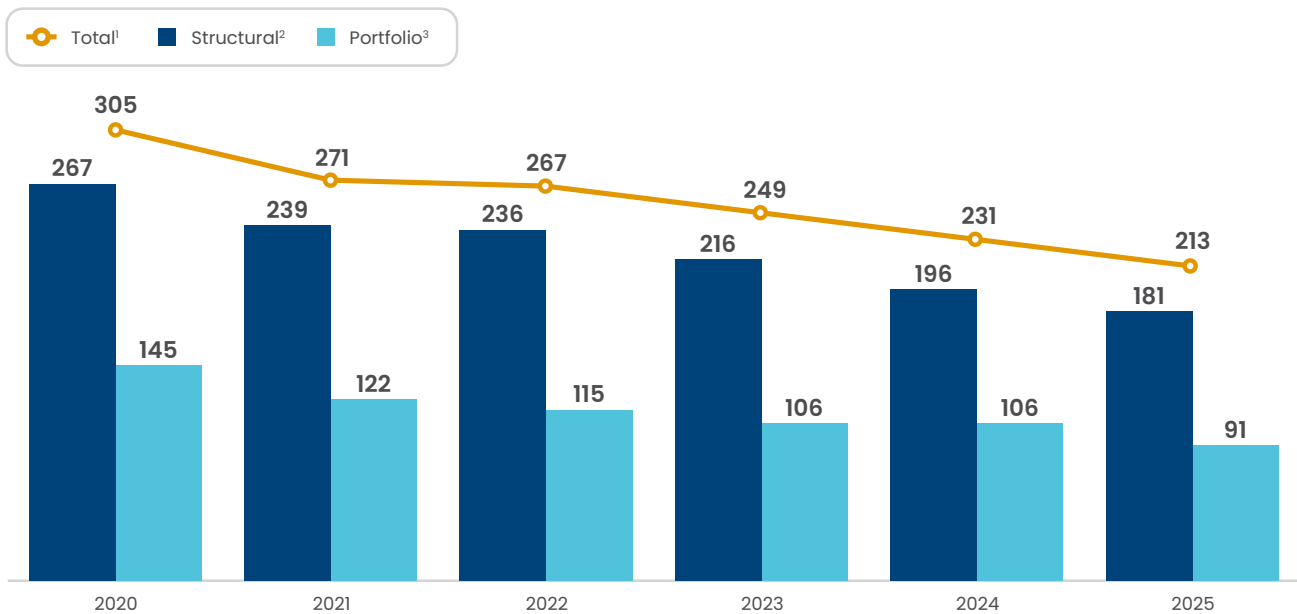
Traditional CEF Leverage

CEFs have the ability, subject to strict regulatory limits, to use leverage as part of their investment strategy.¹⁴ The use of leverage by a CEF can enable it to achieve higher long-term returns but also increases risk and the likelihood of share price volatility. CEF leverage can be classified as either structural leverage or portfolio leverage. At year-end 2025, at least 213 traditional CEFs—59% of funds—were using structural leverage, portfolio leverage consisting of tender option bonds or reverse repurchase agreements, or both (Figure 7).¹⁵

FIGURE 7

Traditional CEFs Are Employing Structural Leverage and Some Types of Portfolio Leverage

Number of traditional CEFs, year-end



¹ Components do not add to the total because CEFs may employ both structural and portfolio leverage.

² Structural leverage affects the CEF's capital structure by increasing the fund's portfolio assets through borrowing capital and issuing debt and preferred shares.

³ Portfolio leverage is leverage that results from particular types of portfolio investments, including certain types of derivatives, reverse repurchase agreements, tender option bonds, and other investments or types of transactions. Data are available only for reverse repurchase agreements and tender option bonds. Given data collection constraints and the continuing development of types of investments/ transactions with a leverage characteristic (and the use of different definitions of *leverage*), actual portfolio leverage may be materially different from what is reflected above.

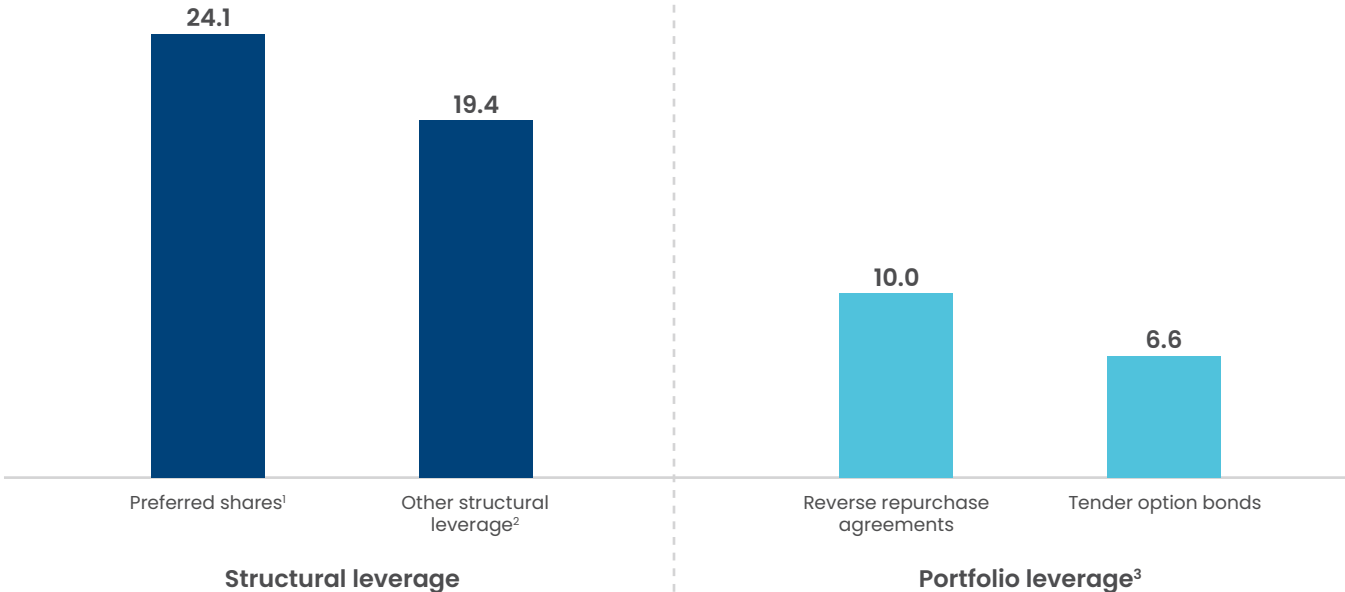
Source: Investment Company Institute

Structural leverage, the most common type of leverage used by traditional CEFs, affects the CEF’s capital structure by increasing the fund’s portfolio assets. Types of CEF structural leverage include borrowing capital and issuing debt and preferred shares.¹⁶ CEFs are subject to asset coverage requirements if they issue debt or preferred shares. For each \$1.00 of debt issued, the fund must have \$3.00 of assets immediately after issuance and at the time of dividend declarations (commonly referred to as 33% leverage). Similarly, for each \$1.00 of preferred stock issued, the fund must have \$2.00 of assets immediately after issuance and at the time of dividend declaration dates (commonly referred to as 50% leverage).¹⁷

At the end of 2025, 181 traditional CEFs had a total of \$43.5 billion in structural leverage, with \$24.1 billion from preferred shares and \$19.4 billion from other types of structural leverage (Figures 7 and 8). The average leverage ratio¹⁸ across those traditional CEFs employing structural leverage was 28% at year-end 2025. Among traditional CEFs employing structural leverage, the average leverage ratio for bond funds was somewhat higher (30%) than that of equity funds (23%).

FIGURE 8
Majority of Traditional CEF Leverage Is From Preferred Shares

Billions of dollars, year-end 2025



¹ A CEF may issue preferred shares to raise additional capital, which can be used to purchase more securities for its portfolio. Holders of preferred shares are paid dividends but do not participate in the gains and losses on the fund’s investments.

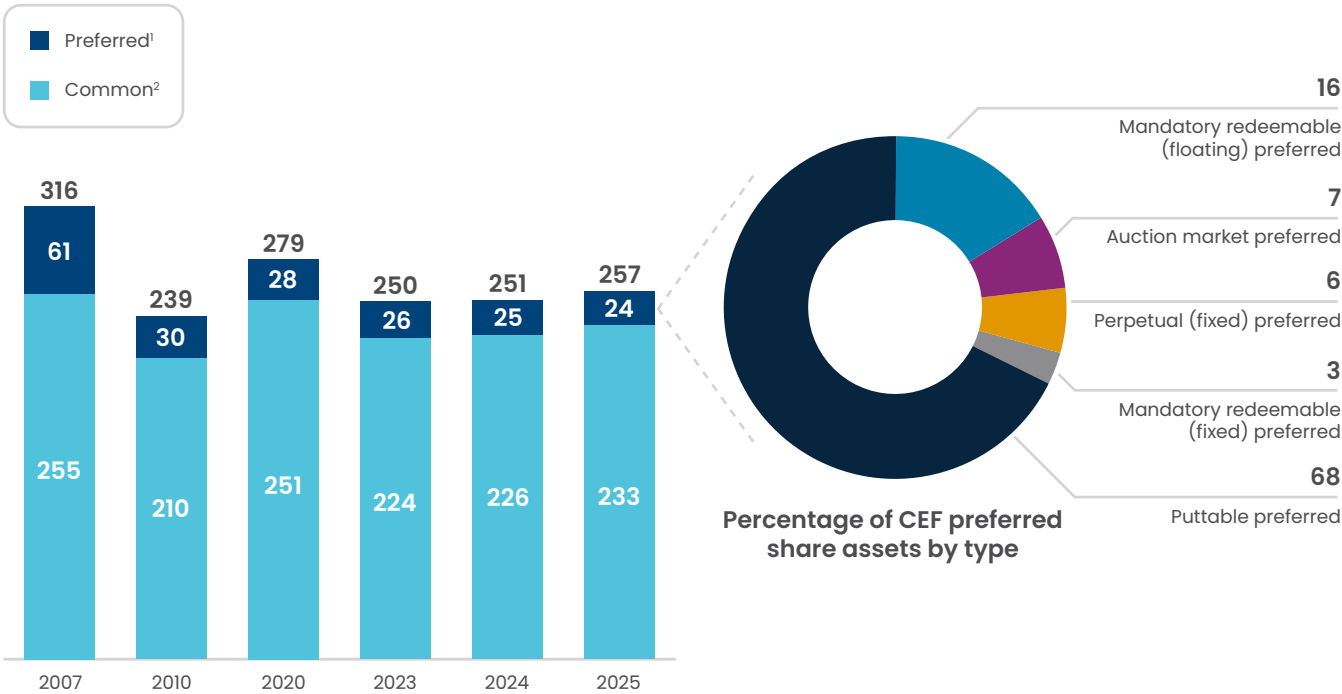
² *Other structural leverage* includes bank borrowing and other forms of debt.

³ Portfolio leverage is leverage that results from particular types of portfolio investments, including certain types of derivatives, reverse repurchase agreements, tender option bonds, and other investments or types of transactions. Data are only available for reverse repurchase agreements and tender option bonds. Given data collection constraints and the continuing development of types of investments/ transactions with a leverage characteristic (and the use of different definitions of *leverage*), actual portfolio leverage may be materially different from what is reflected above.

Source: Investment Company Institute

At year-end 2025, 9% of the \$257 billion in traditional CEF total assets was funded by proceeds from preferred shares (Figure 9), with bond funds accounting for the vast majority of preferred share assets. The dollar amount of outstanding traditional CEF preferred shares has declined since auction market preferred stock, once a common type of preferred share, suffered a liquidity crisis in mid-February 2008.¹⁹ Since then, traditional CEFs have replaced auction market preferred stock with alternative forms of structural and portfolio leverage, such as bank loans, lines of credit, tender option bonds, reverse repurchase agreements, puttable preferred shares, mandatory redeemable preferred shares, or extendible notes.

FIGURE 9
Preferred Share Assets Accounted for 9% of Traditional CEF Total Assets at Year-End 2025
 Billions of dollars, year-end



¹ A traditional CEF may issue preferred shares to raise additional capital, which can be used to purchase more securities for its portfolio. Holders of preferred shares are paid dividends but do not participate in the gains and losses on the fund's investments.

² All traditional CEFs issue common stock (also known as common shares).

Note: Data prior to 2018 may include a small number of interval funds or tender offer funds.

Source: Investment Company Institute

At year-end 2025, 91% of traditional CEF preferred share assets were floating-rate preferred shares, which include puttable preferred shares (including variable rate demand preferred shares), auction market preferred shares, and mandatory redeemable (floating) preferred shares.

Portfolio leverage is leverage that results from certain portfolio investments,²⁰ such as certain types of derivatives, reverse repurchase agreements, and tender option bonds. At the end of 2025, 91 traditional CEFs had \$16.6 billion outstanding in reverse repurchase agreements and tender option bonds (Figures 7 and 8).

Interval Funds, Tender Offer Funds, and BDCs

In addition to traditional CEFs, there are three other types of CEFs—interval funds, tender offer funds, and business development companies (BDCs).

Interval funds, unlike traditional CEFs, are permitted to continuously offer their shares at NAV following their IPO.²¹ Most interval funds differ from traditional CEFs in that they do not offer liquidity via the secondary market (i.e., they typically are not listed on an exchange). Instead, they buy back shares by making periodic repurchase offers at NAV in compliance with Securities and Exchange Commission (SEC) Rule 23c-3 under the Investment Company Act of 1940 (1940 Act). There are some interval funds, however, that are listed on an exchange and are bought and sold in the secondary market—these funds continue to make periodic repurchases at NAV via Rule 23c-3. Certain unlisted interval funds are not available to the general public and are primarily held by qualified investors that meet income, wealth, and/or sizeable minimum investment thresholds.²²

For interval funds making continuous offerings, purchases resemble open-end mutual funds in that their shares typically are continuously offered and priced daily. However, unlike a mutual fund, shares are not continuously available for redemption but are repurchased by the fund at scheduled intervals—e.g., quarterly, semiannually, or annually.²³ In 2025, 93% of interval funds had policies to repurchase shares every three months, while the remainder had policies to repurchase shares monthly or semi-annually.²⁴ Further, the number of outstanding shares repurchased may vary, but it must be between 5% and 25% of outstanding shares.²⁵

Tender offer funds are generally unlisted and permitted to continuously offer their shares at NAV. Like interval funds, certain tender offer funds are only sold to accredited investors or other types of qualified investors. Unlike interval funds, however, tender offer funds repurchase shares on a discretionary basis through a tender offer, which must comply with SEC Rule 13e-4 under the Securities Exchange Act of 1934 by filing a Schedule TO. There is no set schedule for when tender offer funds must conduct repurchases or how many shares they must tender. Some tender offer funds only hold tender offers as needed, but many state their intent to offer them more regularly (e.g., quarterly). In 2025, 61% of tender offer funds held discretionary quarterly tender offers, 16% held discretionary annual or semi-annual tender offers, and the remaining 23% either did not hold a tender offer or held an ad hoc tender offer.²⁶

BDCs differ from other CEFs in that they are not registered under the 1940 Act but instead elect to be subject to and regulated by certain provisions of the 1940 Act.²⁷ BDCs primarily invest in small and medium-sized private companies, developing companies, and distressed companies that do not otherwise have access to lending.²⁸ In particular, BDCs must invest at least 70% of their assets in domestic private companies or domestic public companies that have market capitalizations of \$250 million or less.²⁹

BDCs may be listed or unlisted. Listed BDCs, like traditional CEFs, are publicly traded on an exchange or traded in the over-the-counter market. Unlisted BDCs may be either “public non-traded” or private. Public non-traded BDCs are continuously offered (like unlisted interval funds and tender offer funds), may be available to retail investors, and often conduct periodic repurchase offers for investors to redeem their shares.³⁰ Private BDCs are sold through private placement offerings only to qualified investors. Private BDCs typically only offer investors the chance to liquidate their shares by either going public (e.g., holding an IPO) or choosing to unwind the portfolio and liquidate the fund. These liquidity events often occur between five and 10 years following the initial private placement. In recent years, many private BDCs have begun to offer periodic discretionary repurchase offers for investors—42% of private BDCs held discretionary quarterly tender offers in 2025. Meanwhile, all public non-traded BDCs held discretionary quarterly tender offers in 2025.

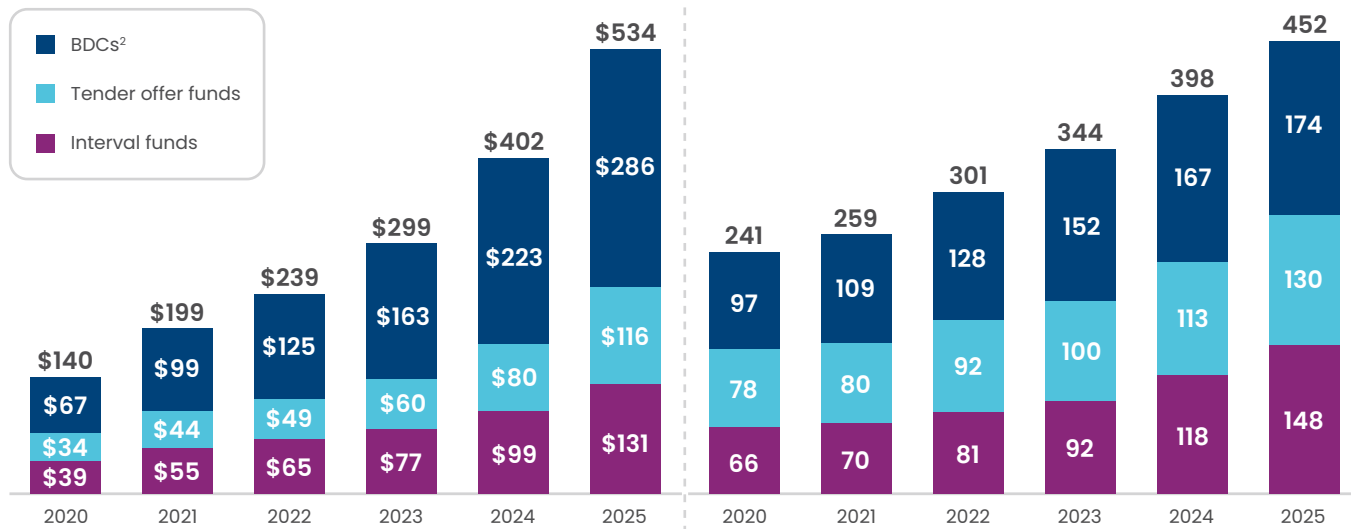
Total Assets of Interval Funds, Tender Offer Funds, and BDCs

At year-end 2025, total assets of interval funds, tender offer funds, and BDCs reached \$534 billion, continuing their substantial growth from \$140 billion at year-end 2020 (Figure 10). Investor demand for alternative assets—particularly private credit—has driven much of this growth. More than two-thirds of the increase went to interval funds and BDCs, both of which invest substantially in private credit. In particular, 64% of interval fund assets were in credit-focused funds at year-end 2025 (Figure 11).

FIGURE 10

Interval Funds, Tender Offer Funds, and BDCs Have Flourished in Recent Years

Year-end¹



¹ Data are based on quarterly public filings between November and January.

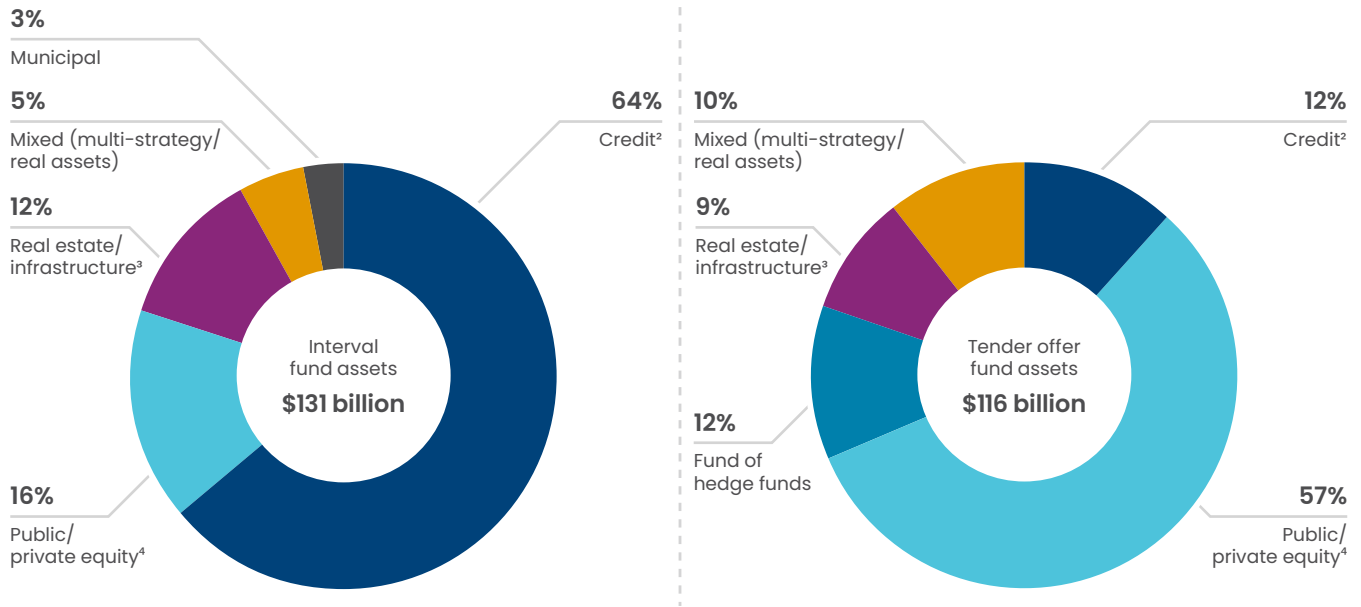
² Data for BDCs are total net assets.

Source: Investment Company Institute calculations of data from publicly available SEC Form N-PORT, N-CEN, 10-Q, and 10-K filings

FIGURE 11

Interval Funds Often Follow Private Credit Strategies, While Tender Offer Funds Largely Follow Private Equity Strategies

Percentage of total assets, year-end 2025¹



¹ Data are based on quarterly public filings between November 2025 and January 2026.

² Credit includes direct lending, private debt, and other credit strategies.

³ For tender offer funds, real estate/infrastructure includes a small number of municipal funds.

⁴ Public/private equity includes hedge fund equity and venture capital strategies. For interval funds, this category also includes a small number of fund of hedge funds.

Note: Data exclude feeder funds.

Source: ICI calculations of SEC Form N-PORT and Preqin (a part of BlackRock) data

Unlike traditional CEFs, the number of interval funds, tender offer funds, and BDCs has been growing along with their assets. At year-end 2025, there were 452 of these types of funds, nearly double the 241 at year-end 2020.

Most of the recent growth in the number of BDCs has been from newly launched private BDCs. At year-end 2025, there were 97 private BDCs compared with 52 listed BDCs and 25 public non-traded BDCs. Despite being the fewest in number, public non-traded BDCs held the largest share (46%) of net assets in BDCs at year-end 2025 when compared with listed BDCs (29%) and private BDCs (26%).

Interval Fund, Tender Offer Fund, and BDC Holdings of Alternative Investments

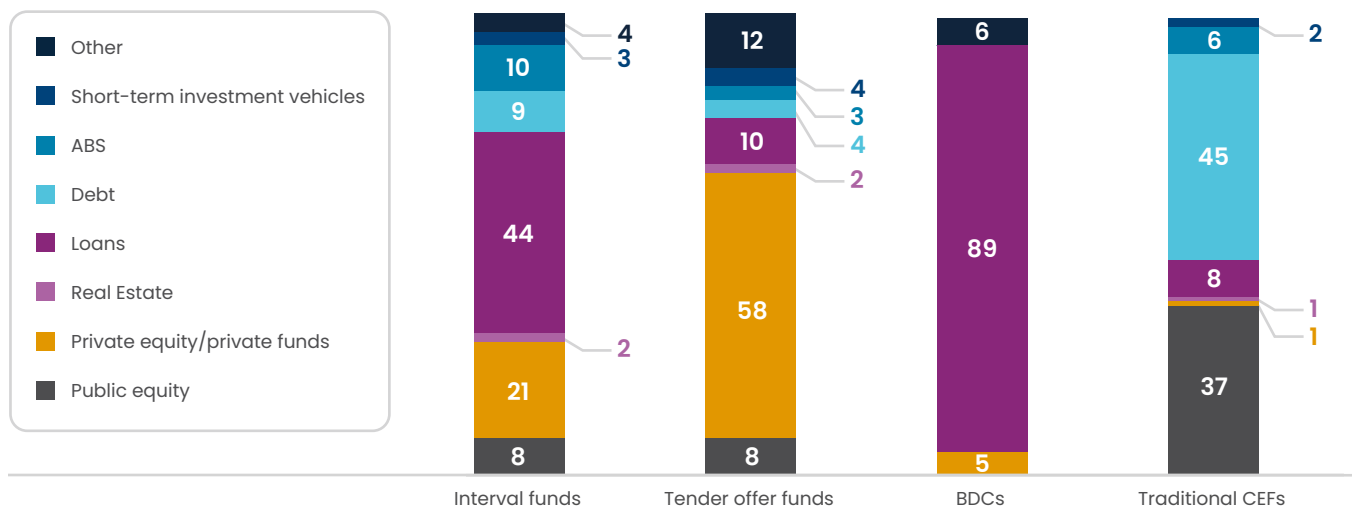
Interval funds, tender offer funds, and BDCs generally hold different types of assets than those held by traditional CEFs. Traditional CEFs often hold securities available in public markets like mutual funds and ETFs, but typically hold securities that are less liquid. Interval funds, tender offer funds, and BDCs tend to invest more in private markets or other alternative investments.

At year-end 2025, 63% of interval fund assets were in debt-focused securities such as loans, asset-backed securities (e.g., collateralized loan obligations and non-agency mortgage-backed securities), and other forms of debt, including high-yield bonds (Figure 12). Most of these securities are loans made directly to small- or medium-sized private companies, or “direct lending,” which is one segment of the broader private credit market. Growing investor demand for private credit has fueled the expansion of interval funds and BDCs in recent years.³¹ Because these private credit loans tend to be illiquid, they are well-suited to the interval fund structure, which places limits on interval fund redemptions through structured redemption policies.

FIGURE 12

Interval Fund, Tender Offer Fund, and BDC Holdings

Percentage of total dollar value of holdings by CEF type and asset class, year-end 2025*



* Data for interval funds, tender offer funds, and traditional CEFs are based on quarterly public filings between November and January. Data for BDCs are as of September 30, 2025 and are based on a sample of about 75% of BDCs.

Notes: Public equity includes securities such as public stocks and public REITs. Private equity/private funds may include holdings of private equity funds, private debt funds, or private BDCs. Loans and debt may include both public and private credit. Real estate may include holdings of real estate or private REITs. BDC holdings of other securities may include cash or short-term investment vehicles.

Source: ICI calculations of publicly available SEC Form N-PORT and Preqin (a part of BlackRock) data

Tender offer funds had 58% of their assets concentrated in private equity and/or private funds (e.g., private equity funds and hedge funds) at year-end 2025 (Figure 12).³² With their limited investor liquidity, many fund sponsors have found tender offer funds to be a convenient structure to enhance investor access to private funds or hedge funds. These types of funds give investors easier access to securities and investments that would otherwise be unavailable to them. Tender offer funds also had 12% of their assets in other securities. The majority of these other securities are various types of private investments, such as primary/secondary limited partnerships and co-investments.^{33, 34}

Given their structure, the vast majority (89%) of BDC net assets are in loans extended to private or middle-market public companies (Figure 12). While the bulk of BDC loans are senior secured first-lien debt (i.e., loans backed by some form of collateral that are first to be repaid in the event of a bankruptcy), BDC loans cover a range of different structures and terms, including second lien debt, subordinated loans, revolver loans, and loans with delayed draw terms (i.e., borrowers only access and pay interest on a portion of the loan with the option to borrow more from the original loan as needed). BDCs also held 5% of their assets in the equity of the companies to which they make loans, which they often do in conjunction with a loan made to the same company, sometimes referred to as being a “dual holder.”³⁵

Given their more-specialized strategies and the investments they hold, interval funds, tender offer funds, and public non-traded and private BDCs—or unlisted CEFs, more generally—tend to attract higher-net-worth investors. In particular, unlisted CEFs often are only available to qualified investors.³⁶ Unlisted CEFs that don't have a qualified investor standard tend to have higher initial investment minimums. In 2025, 47% of interval fund assets were in share classes with an initial investment minimum of greater than \$1 million. Another 32% had initial investment minimums between \$100,000 and \$1 million.³⁷

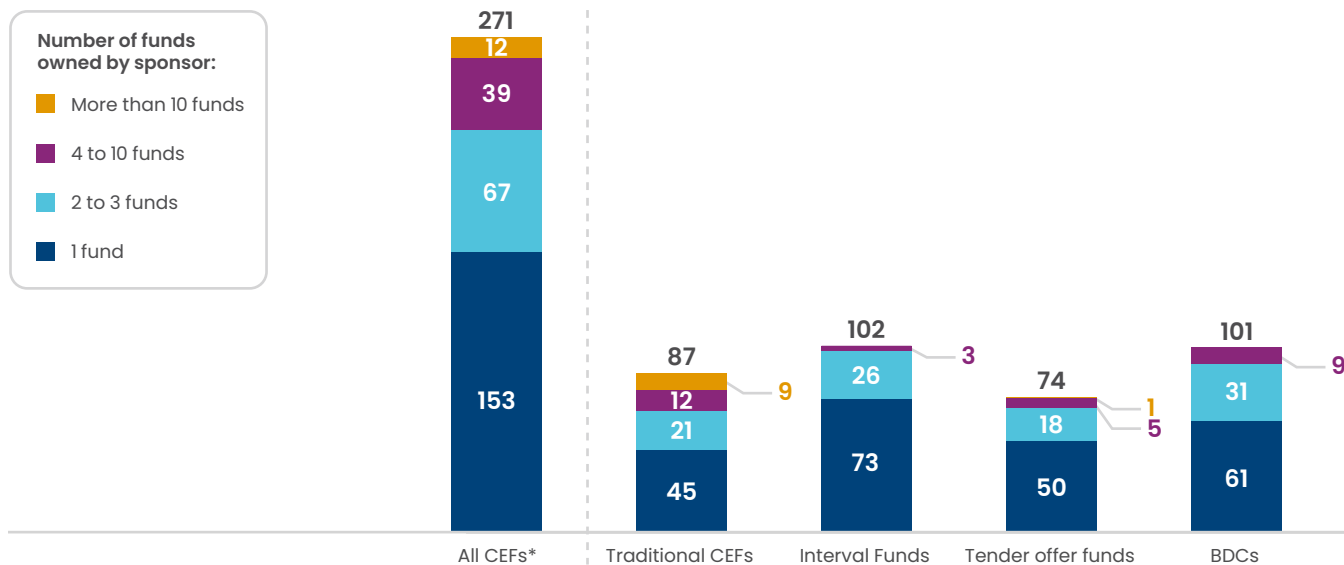
Competition in the CEF Industry

At year-end 2025, there were 271 CEF sponsors competing in the US market, which include 87 traditional CEF sponsors, 102 interval fund sponsors, 74 tender offer fund sponsors, and 101 BDC sponsors (Figure 13). In recent years, the vast majority of new firms entering the market have sponsored interval funds, tender offer funds, or BDCs.

FIGURE 13

Majority of CEF Sponsors Have Just One Fund

Number of fund sponsors, year-end 2025



* Totals do not add across all types of CEFs because some CEF sponsors may have more than one type of CEF.

Note: Data for number of funds include feeder funds and exclude master funds.

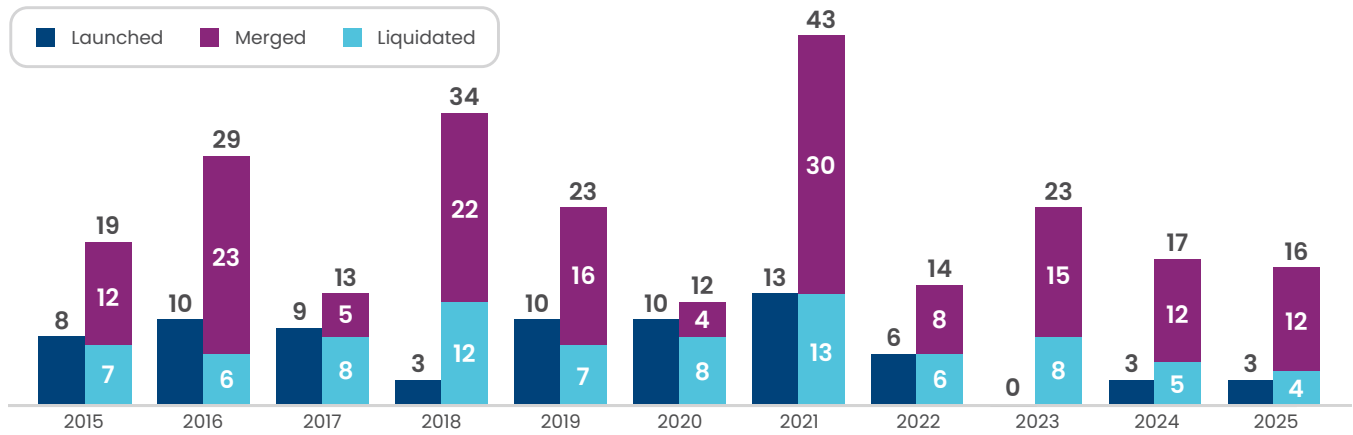
Source: Investment Company Institute

Competitive dynamics have prevented any single sponsor or group of sponsors from dominating the CEF market, and many sponsors have only one CEF. For example, in 2025, 45 sponsors of traditional CEFs (or 52% of all traditional CEF sponsors) offered only one fund. Similarly, 73 interval fund sponsors (72%), 50 tender offer fund sponsors (68%), and 61 BDC sponsors (60%) offer only one fund (Figure 12). CEF sponsors also tend to stick with one type of CEF—only 22% of sponsors support more than one type of CEF. In addition, the 816 CEFs must compete with other registered investment companies—8,030 mutual funds, 3,622 UITs, and 4,813 ETFs.³⁸

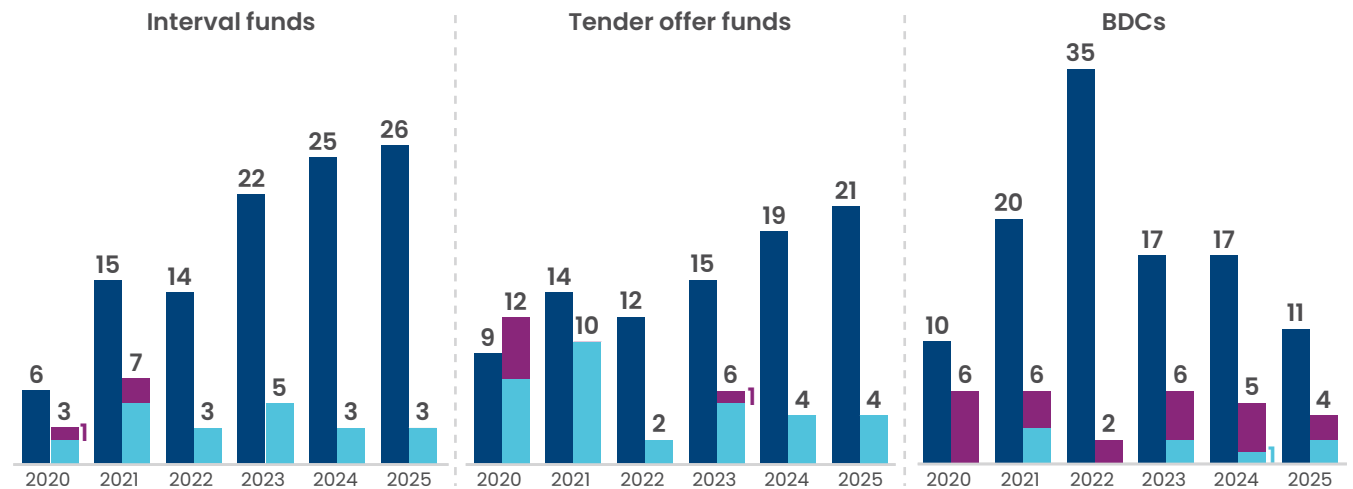
Competitive dynamics also affect the number of CEFs offered in any given year. In particular, CEF sponsors launch new CEFs to meet investor demand, and they merge or liquidate those that do not attract sufficient investor interest. In recent years, traditional CEF sponsors have also merged funds with similar strategies to improve trading efficiency and build economies of scale. Consequently, the number of traditional CEFs available to investors has declined steadily since year-end 2011. And from 2015 through 2025, more traditional CEFs were merged or liquidated, and others converted into open-end mutual funds or ETFs, than new traditional CEFs were launched (Figure 14). Some traditional CEFs have also converted to interval or tender offer funds during this time.

FIGURE 14

Few Traditional CEFs* Entered the Market in 2025



Meanwhile, a Substantial Number of Interval Funds, Tender Offer Funds, and BDCs Continued to Launch



* Data for traditional CEFs prior to 2018 may include a small number of interval funds or tender offer funds.
 Note: Data include CEFs that do not report statistical information to the Investment Company Institute and CEFs that invest primarily in other CEFs.
 Source: Investment Company Institute

Like any registered fund, CEFs adapt to investor demand and investor needs to better compete with other funds in the marketplace. For example, CEF launches often occur in batches for specific asset classes that are in high demand or trading at premiums.³⁹ In particular, most CEF launches since 2020 have been interval funds, tender offer funds, or BDCs because of substantial demand for the strategies those funds offer—e.g., access to private credit, private funds, and private real estate. Also, traditional CEFs historically passed start-up costs onto investors through certain fees, but now most traditional CEFs incur those costs instead. In recent years, some traditional CEFs have even adopted different structures such that some funds no longer launch as “perpetual” funds but instead launch as “term” funds with a pre-specified liquidation date for investors to get out at NAV after some number of years.⁴⁰ Since 2015, 48% of all traditional CEFs have launched as “term” funds.⁴¹

Characteristics of Households Owning CEFs

In 2025, 4.4 million US households indicated that they owned CEFs.⁴² CEF-owning households tended to include investors who owned a range of equity and fixed-income investments. Among CEF-owning households, 94% also owned mutual funds and 64% also owned ETFs.⁴³

Because CEF-owning households often also owned individual stocks and mutual funds, the characteristics of each group were similar in many respects. For instance, CEF-owning households, like households owning individual stocks and mutual funds, tended to have household incomes and financial assets above the national median (Figure 15). Nonetheless, CEF-owning households also exhibited certain differences from mutual fund-owning households. For example, CEF-owning households expressed more willingness to take financial risk—53% were willing to take above-average or substantial risk, compared with 34% of mutual fund-owning households.⁴⁴

FIGURE 15

CEF Investors Have Above Average Financial Assets and Are More Willing To Take Investment Risk

2025

	All US households	Households owning CEFs	Households owning mutual funds	Households owning individual stocks
Median				
Age of household survey respondent	52	51	55	55
Household income ¹	\$87,000	\$125,000	\$125,000	\$130,000
Household financial assets ²	\$115,000	\$500,000	\$370,400	\$500,000
Percentage of households				
Household survey respondent				
Married or living with a partner	63	69	71	72
College or postgraduate degree	40	51	54	61
Employed (full- or part-time)	58	64	64	65
Retired from lifetime occupation	33	36	35	35
Household owns				
IRA(s)	44	74	68	71
DC retirement plan account(s)	60	76	81	79
Household's willingness to take financial risk				
Substantial risk for substantial gain	6	15	7	7
Above-average risk for above-average gain	19	38	27	34
Average risk for average gain	38	31	46	44
Below-average risk for below-average gain	12	12	11	10
Unwilling to take any risk	25	4	9	5

¹ Total reported is household income before taxes in 2024.

² Household financial assets include assets in employer-sponsored retirement plans but exclude the household's primary residence.

Source: Investment Company Institute Annual Mutual Fund Shareholder Tracking Survey

Additional Reading

- » Closed-End Fund Resource Center
www.ici.org/cef
- » Frequently Asked Questions About Closed-End Funds and Their Use of Leverage
www.ici.org/faqs/faq/other/faqs_closed_end
- » A Guide to Closed-End Fund
www.ici.org/cef/background/bro_g2_ce
- » Quarterly Closed-End Fund Asset Data
www.ici.org/research/stats/closedend
- » What US Households Consider When They Select Closed-End Funds
www.ici.org/system/files/2025-02/25-ppr-cef-household-considerations.pdf
- » Valuation Governance Considerations for Private Credit Assets in Regulated Funds
www.ici.org/system/files/2026-04/26-ppr-valuation-governance-for-private-credit-assets.pdf

Notes

- ¹ For more information on these types of offerings, see our “Glossary of Investing Terms” at www.ici.org/fb-glossary.
- ² Qualified buyers include people or entities that are classified as “accredited investors” or “qualified institutional buyers.” These definitions were modernized by the Securities and Exchange Commission (SEC) in August 2020. For more information about accredited investors, see US Securities and Exchange Commission 2021.
- ³ A repurchase or tender is “oversubscribed” if the number of shares submitted for repurchase or tender exceeds the percentage of shares for which the CEF is willing to repurchase or tender.
- ⁴ Section 18 of the Investment Company Act of 1940 provides that preferred shareholders, voting as a class, are entitled to elect at least two directors at all times and to vote along with common shareholders on the remaining directors. In addition, preferred shareholders, voting as a class, are entitled to elect a majority of the directors if at any time the dividends on the preferred shares are unpaid in an amount equal to two full years’ dividends on the preferred shares; they continue to be entitled to elect a majority of the directors until all dividends in arrears are paid.
- ⁵ For more information on CEF discounts and premiums, see Lee, Shleifer, and Thaler 1991, Cherkes, Sagi, and Stanton 2009, and Cherkes 2012.
- ⁶ In recent years, some CEFs and ETFs have launched with investment objectives to arbitrage CEF discounts.
- ⁷ In some cases, multiple activists pursue a single fund. Also, Schedule 13D and contested preliminary proxy (PREC 14A) filings are cleaned somewhat to avoid double counting, among other things.
- ⁸ The data show that discounts for some CEFs do not widen out in the year following the tender offer. In most of these cases, however, the CEF had publicly announced other measures it would take to manage a fund’s discount. For example, some CEFs implement managed distribution plans (MDPs) to ensure that investors received stable levels of income for some pre-defined period. MDPs have been shown to have an impact on CEF discounts, as well as activism more generally. For more information, see Cherkes, Sagi, and Wang 2014.
- ⁹ In order to implement a managed distribution policy, a CEF must apply for, and the SEC must provide, an exemption from Section 19(b) of the Investment Company Act of 1940 and Rule 19b-1 thereunder.
- ¹⁰ According to Morningstar data, 37% of traditional CEFs had managed distribution policies as of March 2026.
- ¹¹ For more information on dividend policy and discounts on CEFs, see Johnson, Lin, and Song 2006.
- ¹² For more information on CEF distributions, see Nuveen, “Understanding Managed Distributions.”
- ¹³ For more information on MLPs, see Baird 2025.
- ¹⁴ For additional information, see Investment Company Institute, “Frequently Asked Questions About Closed-End Funds and Their Use of Leverage.”
- ¹⁵ More CEFs may be using portfolio leverage, but data are available only on the use of reverse repurchase agreements and tender option bonds. Portfolio leverage is leverage that results from particular types of portfolio investments, including certain types of derivatives, reverse repurchase agreements, tender option bonds, and other investments or types of transactions.
- ¹⁶ For more information on the different types of CEF preferred shares, see Investment Company Institute, “Frequently Asked Questions About Closed-End Funds and Their Use of Leverage.”

- ¹⁷ All CEFs registered under the 1940 Act are subject to the same leverage requirements. BDCs have similar, but slightly more relaxed, limits on their use of leverage. BDCs, subject to certain conditions, have a 2:1 debt-to-equity ratio.
- ¹⁸ The *leverage ratio* is the ratio of the amount of structural leverage to the sum of the amount of common share assets and structural leverage.
- ¹⁹ See, e.g., Investment Company Institute, “Frequently Asked Questions About Closed-End Funds and Their Use of Leverage.”
- ²⁰ For more information on the types of CEF leverage, see Nuveen, “Understanding Leverage in Closed-End Funds.”
- ²¹ See SEC Rule 23c-3 and US Securities and Exchange Commission, “Investor Bulletin: Interval Funds” for more information on the structure and characteristics of interval funds.
- ²² See note 2.
- ²³ Interval funds must adopt a fundamental policy to repurchase shares on 3-, 6-, or 12-month frequencies (additional frequencies may be permitted by SEC exemptive order).
- ²⁴ ICI calculations of data from the SEC’s Electronic Data Gathering and Retrieval (EDGAR) website. Data only include funds that were still active at the end of 2025.
- ²⁵ For more information on the different operational characteristics around interval fund repurchases, see Investment Company Institute 2020 and Investment Company Institute 2024.
- ²⁶ See note 24.
- ²⁷ BDCs must file a Form N-54A, which signifies they are electing to be subject to Sections 55 through 65 of the 1940 Act.
- ²⁸ For more information, see US Securities and Exchange Commission, “Investor Bulletin: Publicly Traded Business Development Companies (BDCs)” and “Investor Bulletin: Non-Publicly Traded Business Development Companies (BDCs).”
- ²⁹ More specifically, BDCs must invest at least 70% of their assets in “eligible portfolio companies” as defined in Rule 2a-46 under the 1940 Act.
- ³⁰ For more information on BDCs, see Horowitz and Gaines 2019.
- ³¹ See Chernenko, Ialenti, and Scharfstein 2025.
- ³² Private funds typically include private equity funds, hedge funds, and venture capital funds. For more information on private funds, see US Securities and Exchange Commission, “Private Fund” and “Starting a Private Fund.”
- ³³ Primary limited partnerships are initial investments in private funds by limited partners alongside a general partner that manages the fund. Secondary limited partnerships are stakes in private funds purchased from primary limited partners that seek to exit the private fund before it liquidates. Co-investments are investments made directly in companies outside of a private fund, typically by limited partners to reduce the fees incurred by their stake in the private fund. For more information, see Shah and Leung 2024 and Hamlin and Shi 2023.
- ³⁴ In April 2025, the SEC approved a modernized, principles-based framework for CEFs and BDCs that co-invest alongside affiliated private funds in negotiated transactions.
- ³⁵ For more information on BDCs as dual holders of debt and equity at a single company, see Davydiuk et al. 2025.

- ³⁶ As of December 2025, 39% of interval and tender offer funds had some suitability restriction (i.e., they may only be sold to accredited investors or qualified clients). These restrictions are largely from tender offer funds—74% of tender offer funds have a suitability restriction compared with just 6% of interval funds. In August 2025, the SEC published an Accounting and Disclosure Information (ADI) updating their position to allow unlisted CEFs that invest more than 15% of their assets in private funds to be sold to non-accredited investors. This has led some interval and tender offer funds to remove the suitability restrictions on their funds. For more information, see XA Investments 2025. For information on the ADI, see www.sec.gov/about/divisions-offices/division-investment-management/fund-disclosure-glance/accounting-disclosure-information/adi-2025-16-registered-closed-end-funds-private-funds.
- ³⁷ See Figure S6 in the statistical appendix for more information.
- ³⁸ See Investment Company Institute 2026 for more information. The number of mutual funds includes mutual funds that invest primarily in other mutual funds. The number of ETFs includes ETFs not registered under the Investment Company Act of 1940 and ETFs that invest primarily in other ETFs.
- ³⁹ See Cherkes, Sagi, and Stanton 2009.
- ⁴⁰ There are two types of term funds—traditional term funds and target term funds. Traditional term funds allow investors to liquidate at the CEF’s NAV at the termination date. Target term funds seek a target NAV at the fund’s termination date (e.g., the liquidation NAV will equal the IPO NAV). For more information on CEF term structures, see Nuveen, “Understanding Closed-End Fund Structures.”
- ⁴¹ Information derived from ICI calculations of Morningstar data.
- ⁴² See Holden, Schrass, and Bogdan 2025.
- ⁴³ See Figure S7 in the statistical appendix for more information.
- ⁴⁴ For more information on what US households consider when they select CEFs, see Investment Company Institute 2025.

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