



This week we explore Close End Funds (CEFs). CEFs are mutual funds that trade on stock exchanges, unlike popular open-ended funds. Open-ended funds are bought and sold through the fund manager. As such, its price always equals its net asset value (NAV). Because CEFs trade in stock markets are often priced at a premium or discount to their NAV. While liquidity is often lacking in many CEFs, it can allow an investor to buy a fund at a discounted price versus the aggregate value of its holdings.

The scan seeks CEFs that predominately hold energy MLPs. The four funds that met our criteria are trading at steep discounts compared to the years before the pandemic. Continued economic normalization should result in a reduction of the discount, which will benefit performance. Further, the funds offer leverage which boosts their distribution rates.

We caution that these funds can be illiquid. As such, the bid-offer spread is often wider than what is typical with most stocks and can impede returns. Additionally, the discount to NAV can move quickly, resulting in better or worse performance than an equivalent open-ended fund or individual MLPs.

The screen and data are courtesy of [CEF Connect- Nuveen Closed-End Funds](#).

Screening Criteria

- Sector = CEF MLP
- Leverage <20%
- Discount to NAV < -10%
- Distribution rate >5%

Our screen returned four funds, as shown below. FIF has a distribution rate slightly below 5%, but we decided to share it anyway. The Z-score statistically quantifies how the discount compares to prior periods. A Z-score of +/-1 is one standard deviation above or below the average for a given period.

TICKER	EFFECTIVE LEVERAGE %	DISTRIBUTION RATE	DISTRIBUTION FREQUENCY	DISCOUNT / PREMIUM	Z-SCORE 3 MONTH	Z-SCORE 1 YEAR	DISCOUNT / PREMIUM 52 WK AVG
SRV	13.96%	5.50%	Monthly	-23.85%	-1.77	-1.66	-18.73%
FIF	18.62%	4.84%	Monthly	-14.52%	-1.01	-1.32	-12.72%
FEI	18.88%	7.08%	Monthly	-10.84%	0.49	-0.28	-10.15%
FPL	18.85%	7.08%	Monthly	-13.35%	-0.59	-1.02	-11.40%

The summaries below are unique compared to how we traditionally highlight selections. The first graphic for each fund shows the five-year history of the fund's premium or discount to its NAV. The second table highlights the top holdings. As you will note, the funds hold similar MLPs.

Fund Summaries

Cushing® MLP & Infrs Total Return:SRV

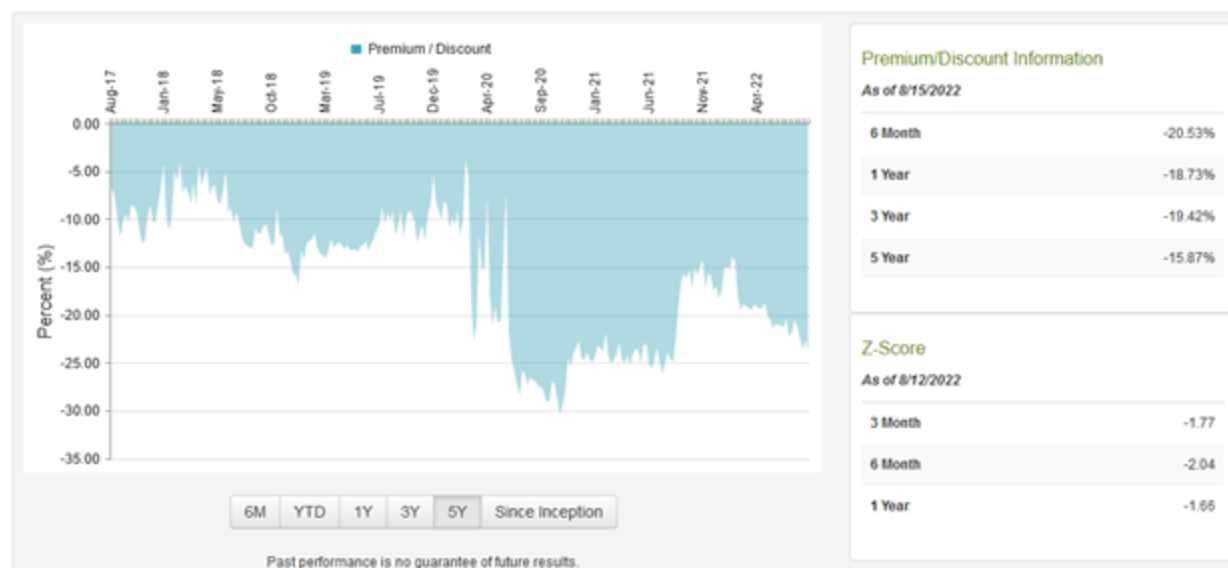
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Pricing Information

Premium/Discount Information



Top Holdings

As of 6/30/2022

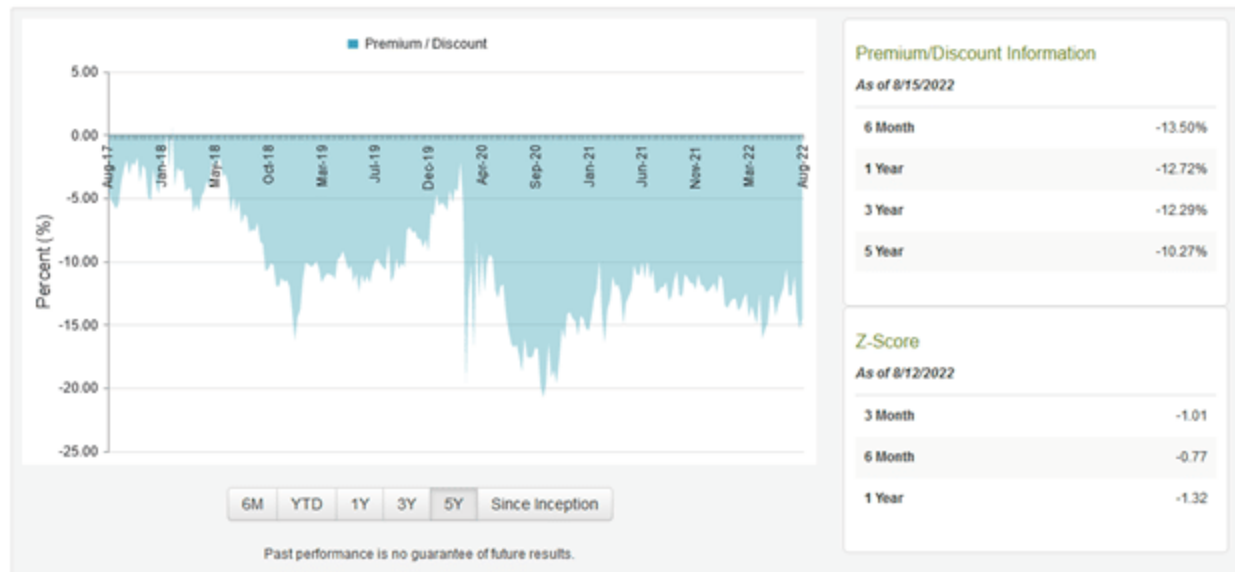
Cheniere Energy Inc	\$6.39M	5.93%
Plains GP Holdings LP Class A	\$6.09M	5.65%
Energy Transfer LP	\$6.09M	5.65%
Targa Resources Corp	\$6.09M	5.65%
Western Midstream Partners LP	\$6.08M	5.64%
Pembina Pipeline Corp	\$4.35M	4.04%
Kinder Morgan Inc Class P	\$4.31M	4.00%
DCP Midstream LP	\$4.14M	3.85%
DT Midstream Inc Ordinary Shares	\$3.63M	3.37%
Williams Companies Inc	\$3.62M	3.36%

First Trust Energy Infrastructure:FIF

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Pricing Information

Premium/Discount Information



Top Holdings

As of 5/31/2022

Enterprise Products Partners LP	\$25.71M	7.20%
Magellan Midstream Partners LP	\$21.21M	5.94%
Energy Transfer LP	\$18.66M	5.23%
TC Energy Corp	\$18.63M	5.22%
NextEra Energy Partners LP	\$15.97M	4.47%
DT Midstream Inc Ordinary Shares	\$13.47M	3.77%
Williams Companies Inc	\$13.39M	3.75%
Cheniere Energy Inc	\$11.80M	3.31%
Southern Co	\$10.87M	3.05%
Plains GP Holdings LP Class A	\$10.68M	2.99%

First Trust MLP and Energy Income Fund:FEI

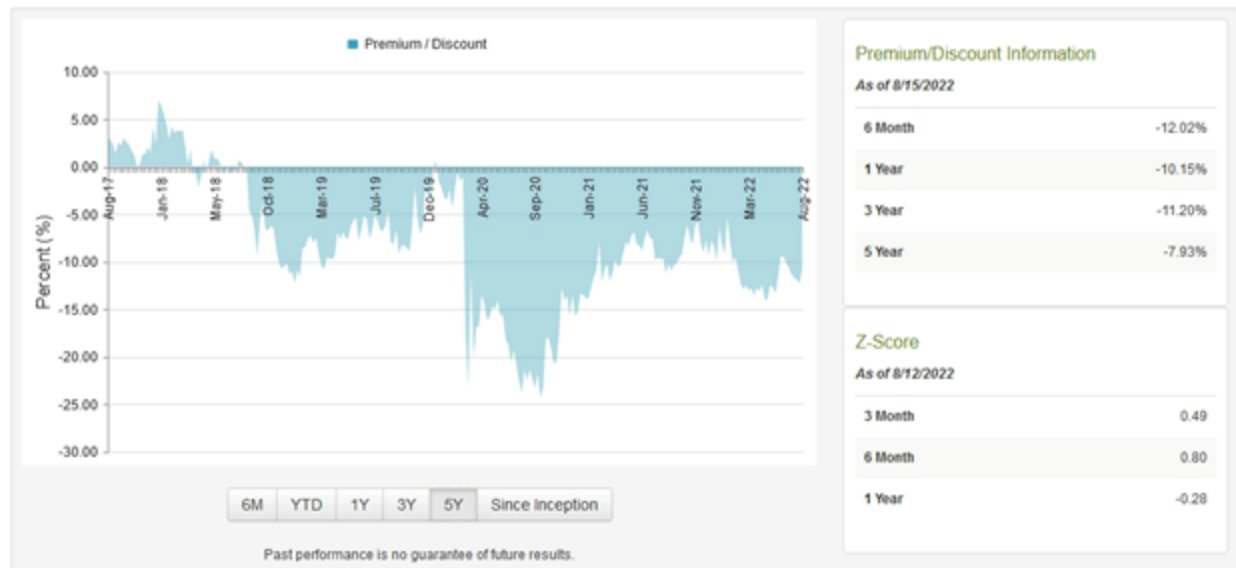
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Pricing Information

Premium/Discount Information



Top Holdings

As of 4/30/2022

Enterprise Products Partners LP	\$40.19M	7.92%
Magellan Midstream Partners LP	\$37.68M	7.43%
Cheniere Energy Partners LP	\$32.28M	6.36%
Energy Transfer LP	\$31.68M	6.24%
Williams Companies Inc	\$24.33M	4.79%
TC Energy Corp	\$23.81M	4.69%
DT Midstream Inc Ordinary Shares	\$22.63M	4.46%
MPLX LP Partnership Units	\$18.41M	3.63%
Hess Midstream LP Class A	\$17.89M	3.53%
ONEOK Inc	\$15.22M	3.00%

First Trust New Opps MLP & Energy Fund:FPL

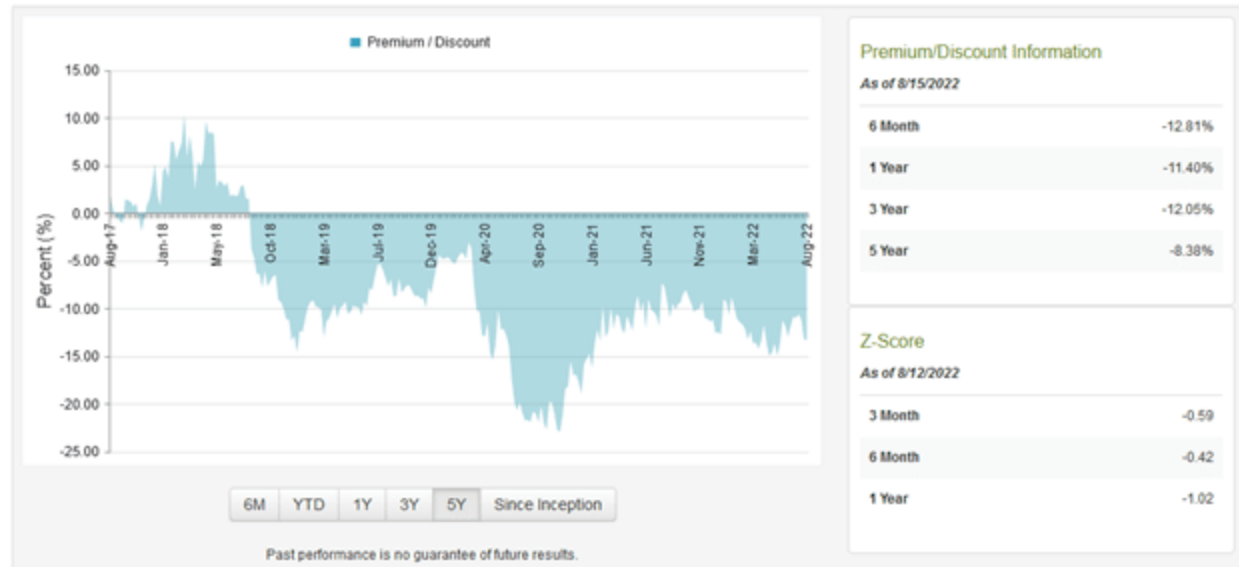
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Pricing Information

Premium/Discount Information



Top Holdings

As of 4/30/2022

Enterprise Products Partners LP	\$17.56M	8.28%
Magellan Midstream Partners LP	\$15.83M	7.47%
Energy Transfer LP	\$13.66M	6.45%
Cheniere Energy Partners LP	\$13.02M	6.15%
Williams Companies Inc	\$10.98M	5.18%
TC Energy Corp	\$9.74M	4.60%
DT Midstream Inc Ordinary Shares	\$9.73M	4.59%
MPLX LP Partnership Units	\$7.93M	3.74%
Hess Midstream LP Class A	\$7.47M	3.52%
ONEOK Inc	\$6.33M	2.99%

Disclosure

This report is not a recommendation to buy or sell the named securities. We intend to elicit ideas about stocks meeting specific criteria and investment themes. Please read our [disclosures](#) carefully and do your own research before investing.