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Muni Manager Lind Starts High-Yield Fund With Quarterly Buybacks.

- **Closed-end offering is an interval fund, limits withdrawals**
- **For investors, it's another way to buy less-liquid securities**

Lind Capital Partners is introducing a so-called interval fund that focuses on high-yield state and local debt and limits investors' ability to withdraw money, adding to an emerging structure in the U.S. municipal market.

The fund, which is open to investors as of this week, is a type of closed-end fund that doesn't trade on an exchange. It will allow investors to cash out on a quarterly basis by selling back shares, according to Bob Lind, principal and founder of the Evanston, Illinois-based firm. The fund is called the Lind Capital Partners Municipal Credit Income Fund.

"The quarterly liquidity provides some certainty to the portfolio management team as we think about demand and liquidity," he said. Lind Capital Partners, founded in 2008, has about \$205 million under management.

The interval structure helps asset managers avoid the liquidity crunch and distressed sales that traditional mutual funds can see during sharp selloffs as investors rush to withdraw money. That's what happened during the market's rout in March 2020, which hit high-yield securities especially hard.

Cathie Wood's firm last week filed for an interval fund that would expand her strategy into harder-to-trade assets.

For investors, it's another way to access less-liquid alternative investments like real estate and mortgage-backed securities. In the muni market, many junk bonds — which are frequently sold by government agencies on behalf of businesses — are issued in small amounts and infrequently traded. The funds appeal to sophisticated investors looking for higher absolute returns, and who can withstand the restricted redemptions, Citigroup Inc. said in a report this month.

Interval funds are still small players in the municipal market, with assets tallying around \$1.7 billion, according to data compiled by Refinitiv Lipper as of Jan. 31. Last year, Nuveen introduced an interval fund called the Nuveen Enhanced High Yield Municipal Bond Fund, which has about \$64 million in assets.

"We feel very, very strongly that the interval-fund structure protects investors in the fund from the volatility created by open-end fund flows," Lind said.

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