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THE SCOTT LETTER:
CLOSED-END FUND REPORT

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THE SCOTT LETTER is intended to educate global investors about closed-end funds. Closed-end funds can be a valuable and profitable investment tool. To learn about closed-end funds, visit our web site, www.CEFAdvisors.com, and in particular, read our article, What Are Closed-End Funds.

Feel free to forward this news-letter to anyone who you believe could benefit from information on closed-end funds or global portfolios.

We are pleased to announce a free Business Development Company (BDC) data website that is the first we know to exist to cover the sector. It is powered by our CEF Data Project and offered to help give a centralized place to go for information on all public BDCs. The link is http://www.BDCUniverse.net and we encourage your feedback as we improve the resource.

CEF Advisors now offers free public BDC/CEF Fund profiles at www.CEFData.com.

CEFA now offers over 30+ CEF/BDC indexes to help benchmark the universe. More information is available at www.CEFdata.com/index

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Editor-in-Chief

– John Cole Scott,
Contributing Editor

IN THIS ISSUE:

RiverNorth Marketplace Lending Corporation Offers Access to Illiquid Consumer and Small Business Loans for Regular Income, Low Correlation, and Low Duration

This interview is our first covering the closed-end interval fund structure, a non-listed fund with active portfolio management and the ability to have leverage in the form of preferred stock and credit line revolvers. The fund can take in money every day but is limited to quarterly out-flows of 5% to 25%, with 5% being very common. This structure allows for prudent placement of illiquid, private and less liquid investments. The first interval fund was launched by Invesco (Van Kampen at the time) in 1989, the second in 2001. We have tracked 18 launches since June 2015 and see 3-8 additional funds likely to be formed by the end of the year based on SEC filings. We are adding data and research coverage of interval funds into our CEFData.com system as of July 2018.

We have found 35 unique funds from our initial research. Funds currently focus on the following sectors: Real Estate, Sr. Loans, Multisector, Insurance Bonds, Credit and Equity mandates. The average non-leverage expense ratio is 2.41%, average NAV yield of 5.16% for the 25 monthly and quarterly paying funds. Look for deeper coverage of interval funds on our quarterly research calls.

We interviewed Andrew Kerai and Philip Bartow from RiverNorth via telephone on May 11th, 2018.

Philip Bartow

JCS: Please give us some background on RiverNorth, how you guys came to the firm, and a little bit about each of your backgrounds.

BARTOW: My background is in loans and bonds. I was an ABS trader at Lehman Brothers in New York. In that department, we traded both loans and bonds, the difference being loans had not been yet turned into securitized products or bonds. In that market, there are a myriad of different assets; consumer loans, franchise loans, equipment leasing and shipping container deals, to name a few looking at whole loans and then pools of whole loans in bond form is my background. I went to business school, and after that, I worked in a firm that was focused on structured credit. And then I joined RiverNorth in 2015 to oversee marketplace lending investing at the firm.

KERAI: My background is primarily credit, both traded and non-traded, corporate and consumer. I began my career on the high yield and bank loan team at Prudential and eventually moved over to equity research covering non-bank financials, including credit card issuers, middle market lenders, and debt recovery companies. Following my time in equity research, I then launched a long-only strategy investing in credit-focused, closed-end funds, primarily BDCs, which typically originate and hold middle market corporate loans, and some CLO equity funds. I then joined RiverNorth in November of 2015 and serve as the firm's credit strategist and co-portfolio manager within our marketplace lending strategy.

Andrew Kerai

JCS: Let's talk about the human capital of RiverNorth, the technology, and the whole platform of the fund sponsor used to focus on this portfolio.

BARTOW: The human capital and technology are tightly interwoven for this fund. In this fund, our strategy is to buy lots of whole loans. We own some securitizations as well, but for this example, I'll focus on whole loans. The fund holds somewhere in the neighborhood of 25,000 whole loans, so we had to design systems to manage the amount of data associated with that many loans.

The data is important for underwriting, for valuation, for reconciliation—booking income and reconciling cash every day. Before the fund was up and running and launched, there was a big effort on the human capital side to build systems that would solve these problems.

Today that puts us in a unique spot in that we were the first to file for a marketplace lending fund, and when you are the first to do something it definitely requires innovation and a lot of work on the front end, and this fund is no exception to that.

JCS: How does this fund integrate into the other strategies you have? And how does that change the way you think about managing a fund for advisors and investors?

KERAI: We tend to focus on opportunistic strategies in niche markets that we know well. As you know, we cut our teeth at the firm level trading closed-end funds. I think, frankly, our experience with and deep understanding of the 40-Act structure really helps in thinking about operations and processes and valuation, which is important in an asset class and fund structure like this where we are striking a daily NAV.

JCS: Talk about the creation of interval funds.

BARTOW: The interval fund structure is one that makes a lot of sense in the context of assets and liabilities. The challenge was, how we have a vehicle that offers liquidity that matches the underlying liquidity (or lack thereof) of the assets we hold. Where we think investment managers get themselves into problems is they offer liquidity that the underlying asset doesn't organically offer the holder of that asset. We offer a minimum of 5% of fund assets on a quarterly basis, up to a maximum of 25% of fund assets per quarter by Prospectus[1].

We look at the likely outcomes for the assets as well as stressed and higher and lower prepayment scenarios for our pools with the goal that we think critically around what range of liquidity we can offer. These are shorter maturity loans that are fully amortizing, so—in some cases loans payback daily but in most cases monthly—we are getting principal interest from our loans. Some wealth managers are comfortable with less liquid assets, but from our interactions and our conversations with the Registered Investment Advisor (RIA) community, they do want some semblance of liquidity and a path to an exit if they want to redeem out of the fund. They are less comfortable going with longer lock-up illiquid strategies or private-equity-type, longer lock-up strategies based upon our conversations with RIAs

"We were the first to file for a Marketplace Lending fund, and when you are the first to do something it definitely requires innovation and a lot of work on the front-end..."

JCS: How large is this market? I look in the semi-annual report and there are different terms—18, 36, 60, and 84 months.

BARTOW: Yeah. It's a pretty diverse market and large market. The credit card market is somewhere in the neighborhood of a trillion outstanding today. Companies like Lending Club, which is publicly traded, last year originated around $9.0 billion[2] of new originations. SoFi is another larger originator between student loans and personal loans and they originated around $12 billion[3] last year between their multiple products.

The market is $35 billion to $40 billion of new origination by our count in 2017. It seems to be growing at a pretty good clip and we expect this year is probably in the low $40 billion range for new originations. So, it's a pretty big market, and it's scalable.

It's not a static pool; not all originators are doing the same thing from a pricing and structure perspective. That means 1) it creates an opportunity and 2) we really need to be diving in deep with all the originating partners we have and really understand their underwriting, their structure, how they think about pricing, because there not a standardized structure and pricing in this market. It's diffuse, and it requires some work on our behalf to tease out the opportunities we like best.

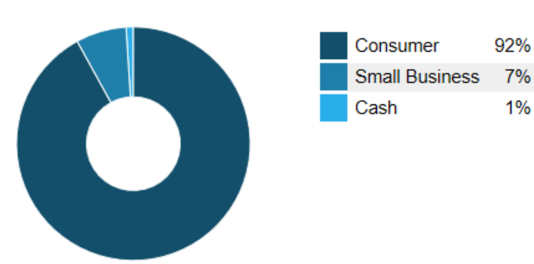
I think there can be times where there are originator-specific changes, and it's important for us to have a view and express that view clearly to our originating partners so they know how we think about that.

KERAI: And, to go back to your thinking about the consumer loan market and the size of the opportunity set within this asset class, across our consumer book we are buying prime assets from the platforms that we partner with. The use of proceeds is often to refinance higher-cost debt, which is typically going to be credit card debt. So, thinking about that $1 trillion of credit card debt outstanding in the U.S., roughly two-thirds of that is true revolving credit, and about half of that is straight, down the fairway prime paper.

Just with credit card refinance alone you are talking about a $300 billion–plus opportunity. Thinking about the trend from bank to non-bank direct lending, about the platforms, in our opinion, being potentially able to more efficiently price credit risk (which obviously is a benefit for higher-quality borrowers) while allowing investors at the same time to pick up a significant level of excess spread in an asset that's a high-coupon, low-duration prime asset[4]..

So, when thinking about where the asset class is going and scalability, I think we see

Portfolio Composition: Allocation By Loan Type



Source: https://www.rivernorth.com/interval-closed-end-funds/rmplx

1. **Pursuant to Rule 23c-3 of the 1940 Act, the Fund must make a quarterly repurchase offer of at least 5% of the Fund's outstanding shares. The Fund's Board of Directors will set the actual level of the quarterly repurchase offers. It is possible that a repurchase offer may be oversubscribed, in which case shareholders may only have a portion of their shares repurchased. Subject to the above, quarterly repurchase offers and liquidity are limited.**
2. Source: LendingClub
3. Source: SoFi
4. The Marketplace Lending asset class, as measured by the Orchard U.S. Consumer MPL Index, has historically had low duration, high coupons, and stability. With an inception date of January 1, 2014, the index tracks the performance of the aggregate amount of loans to consumers originated and funded on eligible US-based online lending platforms. As of December 31, 2017 the index's coupon was 16.2%, the duration was 1.3 years. One cannot invest directly in an index. **Index performance is not indicative of Fund performance. To obtain Fund performance visit www.rivernorth.com.**

quite a significant runway within just credit card refinance alone, not to mention the opportunity set within small business financing, again, largely as a result of banks retreating from direct consumer and small business lending post crisis and instead focusing on larger corporate transactions.

JCS: How would you think about this asset class versus the other fixed-income asset classes that exist currently?

KERAI: It's typically skewed more towards the consumer, and on the small business side these tend to be much smaller companies (and much smaller loan sizes) compared to syndicated loans or high-yield credit or even sponsored middle-market credit. These assets are typically fixed rate, but also fully amortizing compared to the majority of tradeable fixed income assets which are bullet-pay securities. So, certainly a lower duration profile relative to most fixed-income asset classes out there, as well as a significantly higher yield versus many other credit products.

Going back to 10–11 years ago, this space began as sort of a peer-to-peer auction model, where I would come to market and say, "I am willing to borrow at a certain rate and trying to match up with an investor directly who would then bid on the loan." The market then evolved from primarily a retail product and registered notes to private funds purchasing the loans. And now when you look at the asset class, it really has become institutionalized. There is now a much larger pool of well-established institutional asset managers, insurance companies, endowments, etc. that are either buying the whole loans or pieces of securitization offerings, which is really what has been fueling the recent growth of this asset class. Given the more institutionally-minded investor base, there has also been an increasing level of demand in recent years for higher credit quality, stable paper, and a larger pool of sophisticated stakeholders monitoring loan performance and conducting platform diligence, which we view as very positive for the long-term prospects of this asset class.

JCS: Who else buys these loans?

BARTOW: The buyers of these loans are quite diverse. If you look at Lending Club, as an example, banks are significant whole loan buyers, so are 40-Act funds, like us, as well as pension funds and endowments. There are offshore investors that buy whole loans and hedge funds. The industry really grew in its institutional adoption in 2012 and 2013. And that was mostly funded by hedge funds. Fast-forward to today, that pool is significantly more diversified, which we think is a big step in the maturation of this industry.

JCS: What type of behavior is a best practice? You said selling to investors over par at a callable security is something you would avoid. Is there anything else you would avoid in this sector?

BARTOW: There is a long list of things that can disqualify an originator. The credit quality of your borrowers can be not so good. Your performance can be not so good. Your business model is still evolving and changing. Your management team doesn't seem to really view us as a partner. Your loan structure originates without origination fees. What does your compliance culture look like? What are your thoughts on the regulatory environment?

The companies that we work with typically embrace regulation, and are on the front edge of being highly compliant and embracing regulatory change.

JCS: Your average FICO score is a little bit over 700. I know a lot of loans are FICO 500, 600. Why is yours higher?

BARTOW: It's more originator-specific. You aren't likely to talk to someone that does something in super-prime that's also doing something in subprime. The market tends to have natural segments, and there will be originators that really love the subprime segment and think they can make those loans well. Most everyone we work with goes after a part of the market and tries to do really well on that part as opposed to having all products in all segments.

The fund holds prime and super-prime. That's not something that we are including in these funds, we are not an active buyer of subprime loans but we like to see what that part of the market looks like from a performance standpoint, and we want to see what credit quality looks like. We like to see what pricing looks like.

JCS: As you were talking to first investors, what sort of perspective did you give them for what you are doing, about the way the whole universe of this marketplace tends to work?

BARTOW: When we were initially talking about this and putting our N-2 filing together, we looked at historical data sets and said, "the originating partners we work with have data sets, and we know what the experience has been on those actual loans." So, it's not as though we had to pro forma what actual losses would look like. We had the actual data.

And then we looked at that correlation, and we looked at the regression between the returns and performance of losses in these loans versus other consumer credit assets—credit card revolvers, student loans, and, auto loans. How do we regress that against the performance of what we are seeing in marketplace lending to come up with a realistic way to think about what losses are going to be going forward?

Portfolio Detail as of 4.30.2018

Portfolio Statistics	
30-Day SEC Yield (net)[5, 9]	13.56%
30-Day SEC Yield (unsubsidized)[5, 9]	13.59%
Distribution Rate[7]	11.91%
Leverage Ratio[8]	17.0%
Duration[2]	1.46 years
Weighted Average FICO[6]	709
Total Number of Loans	27,031
Average Loan Size	$11,552

Portfolio asset allocations are estimates made by the adviser and are subject to change.

Source: https://www.rivernorth.com/interval-closed-end-funds/rmplx

We are thinking about losses. We are thinking about prepayments—those are important—but then, we are also thinking about coupon pricing. One of the determinants of a total return on one of these loans (or a big pool of loans) is the weighted average coupon and weighted average term.

JCS: It hasn't really had any exciting months—exciting good or exciting bad. Is that the type of experience an investment structure like this is expected to experience in the current environment?

BARTOW: As Andrew mentioned, there is a lot of power in the short duration of the asset. I realize that these loans are different for many investors, and maybe there is a little bit of mystery around them. They are fully amortizing, fixed-rate loans, which is not a new asset structure.

If we had a cataclysmic macroeconomic event, I think you could rationally assume that we would have a bunch of loans that would miss payments, so we would mark them down.

So, using your word, that could create an exciting month in a downward way. But, generally speaking, the NAV in the total return is income minus adjustments for fair value minus expenses divided by shares. We like that it's a pretty slow and steady asset, and the short duration nature of it I think is a big part.

KERAI: If you think about correlation, volatility—we think of this as, effectively being long US credit, primarily on the consumer side in this fund, across prime. In this asset class, again, it's fully amortizing. So, you have much less spread duration in a product like this. From our view, it's advantageous, not only from an absolute level of excess spread but thinking about a risk-adjusted level of excess spread given a much lower correlation and volatility profile (versus the majority of what's out there within investable credit).

JCS: Should we talk about the UNII (undistributed net investment income) balance like we do for munis and senior loans? Funds where the trend over time will help us if you have a little bit of a surplus?

KERAI: The way we set our distribution policy is we effectively take all of our net investment income we have earned during the quarter and divide it by ending shares outstanding. So, we view having a material level of undistributed net investment income as something you would not typically see at the fund level, if that makes sense.

So, the distribution is going to be changing quarter to quarter based on the fund's level of income and it's share count, which will also be changing given we accept daily inflows. It's unlike a traditional closed-end fund which often sets a somewhat fixed distribution policy based on a fixed number of shares and may adjust from time to time. Also you have to remember it's an interval fund, so, unlike a closed-end fund where capital is raised at inception and the number of shares stays constant, each day we strike a NAV, and we can take in new capital, and we have quarterly tenders.

JCS: How do you mark the loans?

BARTOW: The methodology is pretty simple. The inputs and the implementation are probably a little bit more sophisticated, but we are using a loan-level, discounted-cash-flow methodology. We are looking at a loan or looking at each credit profile. We have associated probabilities of default and prepayment over the life of that loan, and then we are looking at where that loan is in its life.

We are really looking at where that loan is its months on book life and its payment experience. It is a function of credit quality, and its idiosyncratic payment history. And then a discount rate—which is determined by an aggregation of a handful of factors that are meant to capture what's going on in broader markets for shorter duration credit—that discount rate, as our risk-free rates are moving around, can move around as well.

The methodology itself is a pretty straightforward discounted cash flow. But as you can imagine, with so many different loans, with so many different credit characteristics coming up with all these associated prepayments and defaulters, that's the real work.

JCS: How is the movement? If rates go up slowly, how does that change the dynamics of the sector? If rates go up aggressively, or if rates back down, how should an advisor or investor position this in the portfolio?

BARTOW: I think there are two ways to think about it. The risk-free rate—whether that be the front end of the treasury curve or the swap curve as you know it with LIBOR—that has an input. So, these are fixed-rate assets, and they have a discount rate associated with that.

> ***"Its advantageous, not only from an absolute level of excess spread but thinking about a risk-adjusted level ... given a much lower correlation and volatility profile..."***

If the risk-free rate is going higher, I think you can rationally assume, holding everything else constant, the discount rate will be going higher, which means we'll mark our loans down. We will be marking the price down of those loans solely driven on the discount rate, not as a function of credit or credit impairment or missing payments

The second part I'd highlight is, there is a relative-value backdrop here. Marketplace lenders, companies like Lending Club and Prosper and SoFi, are creating an asset, and that asset has a place to fit in the relative-value backdrop—meaning, as other credit products or other investments are changing in price and expected return, those marketplaces can then adjust their pricing.

The credit spread moves higher, and at the same time, risk-free rates are moving higher. Typically, those go in the opposite direction, but the recent volatility was driven by nervousness around rates moving higher.

Rate itself was part of what was driving credit spreads wider. That created an environment where marketplace lenders have moved coupons in these loans higher to increase the expected return of the asset so that expected return is still attractive in the relative value landscape. For instance, mortgages, collateralized loan obligations (CLO), commercial mortgage backed securities (CMBS), and high-yield bonds are wider in spread and higher in expected return, marketplace lenders are not going to move this in-lockstep every day. But I think the same idea holds that you should assume that they are logical, rational operators, and if risk-free rates and credit spreads are higher, I think it's rational that marketplace lenders will then move the coupons of their new loans higher so that expected return still looks attractive to investors.

JCS: Do you produce a weighted yield of the loans?

BARTOW: We do.

JCS: How do business loans end up in the portfolio?

BARTOW: We have identified a couple originators we have liked. Again, it's a function of our process, getting comfortable with those originators, getting comfortable with the loans, getting comfortable with management. We think there is an opportunity in the small business side. Small businesses need credit, and we think there are unique ways to go about that, either working with payment processors or working with originators we think can make good loans.

Small business loans make up 6% of the fund, but at some point last year they were 15% or 16%. So, it does move around a little bit, which is a function of the opportunity.

It would be great to find all sorts of great loans that are in other segments that we like, but the starting point and the end point are always the same: Do we feel comfortable with that loan's expected total return and the volatility associated with that return? And if we cannot find small business loans that we feel we are really comfortable with, we are not going to just have them in the portfolio.

JCS: You had the preferred stock last fall. Talk about the preferred stock leverage, how it came about. It looks like you have revolvers as well and just give us the leverage perspective in the fund.

Top 10 States Total Exposure: 57.4%

California	14.9%
Texas	8.7%
Florida	8.2%
New York	4.2%
Illinois	4.1%
New Jersey	4.1%
Georgia	3.7%
Ohio	3.3%
Virginia	3.2%
Pennsylvania	2.9%

Allocations are estimates made by the adviser and subject to change.

Source: *https://www.rivernorth.com/interval-closed-end-funds/rmplx*

BARTOW: It was our belief it was wise to diversify our financing in a few different flavors. Fixed rate versus floating and maybe some term mixes. What we didn't want to do was just put all the proverbial eggs in one basket.

Think about where we were from a rate and credit perspective in September. Rates were still pretty low on the risk-free rate basis. And then credit spreads were tight. So, I think our view was, we can come to the market and we can get fixed-rate financing in place.

September was a bit lower than where our fixed-rate coupon is, but our view was, you want to get diversified away from solely being LIBOR-plus funded, because swap rates are going to rise, and we've been in that camp as a firm. We've been in that camp for a while, that's part of the selling point of this fund, we believe this asset is a nice solution to the problem of rising rates in fixed income portfolios.

Where we sit today, we are really happy to have a mix of a short-duration facility that's LIBOR-plus and then a longer-duration, fixed-rate facility. That gives the fund the right diversification that we need to manage these assets.

JCS: What type of trends would cause the leverage ratio go down a little bit? Where would you expand or contract leverage?

BARTOW: I don't think it would be any different for us than it would be for other managers. If we were concerned about performance or we just couldn't find loans that we felt were a good risk-adjusted return, we would scale down the leverage and duration and credit spread in the portfolio, which I don't think would be different for any other manager.

And then on the other side, if we find loans that we love or we are an active buyer of secondary pools in the market, if we are able to move quickly and close on a secondary pool at a nice discount, having that facility there to quickly draw on and close and move. Be more opportunistic.

JCS: How do people buy your fund?

BARTOW: People could buy our fund a few different ways. We have a ticker on RMPLX, and you can look that ticker up and purchase through most of these large-custody platforms, the Fidelitys and Schwabs and TDs and Pershings of the world. And then we also have a handful of wealth managers that have bought the fund directly. You can come directly to our website and fill out a subscription form and buy the fund directly. We've had some folks that have different custodial relationships that have done that as well.

JCS: But to understand, if an investor says, "I want to put $75,000 in this," can they currently do that?

BARTOW: They cannot. The challenge that we had and the balance that we tried to strike was we want to make the product available to interested investors. At the same time, if investors bought $100,000 a day, that all aggregates to a number that could be pretty big.

"The challenge is, you have to manage your cash. The balance we have tried to strike is, how can we make it available and easy... for wealth managers ... and at the same time ... protect ourselves [from] smaller ticker inflows..."

The challenge is, you have to manage your cash. The balance that we have tried to strike is, how can we make it available and easy to use for wealth managers? And at the same time, how can we protect ourselves so that we don't have a lot of smaller ticket inflows that aggregate up to bigger numbers that could potentially create cash surpluses. What we wouldn't want to do is have excess cash in the fund.

JCS: One of my favorite questions is, what is the major thing most advisors get wrong with your fund or sector?

BARTOW: I think that there is definitely some level of confusion around the credit quality. Given all the attention being paid to the 2008/2009 subprime issues on the residential mortgage side, people hear consumer lending and they'll think, "This is subprime lending on consumers, and that's not of interest to me." Our fund is of a different credit quality, and it's a different kind of business model and approach.

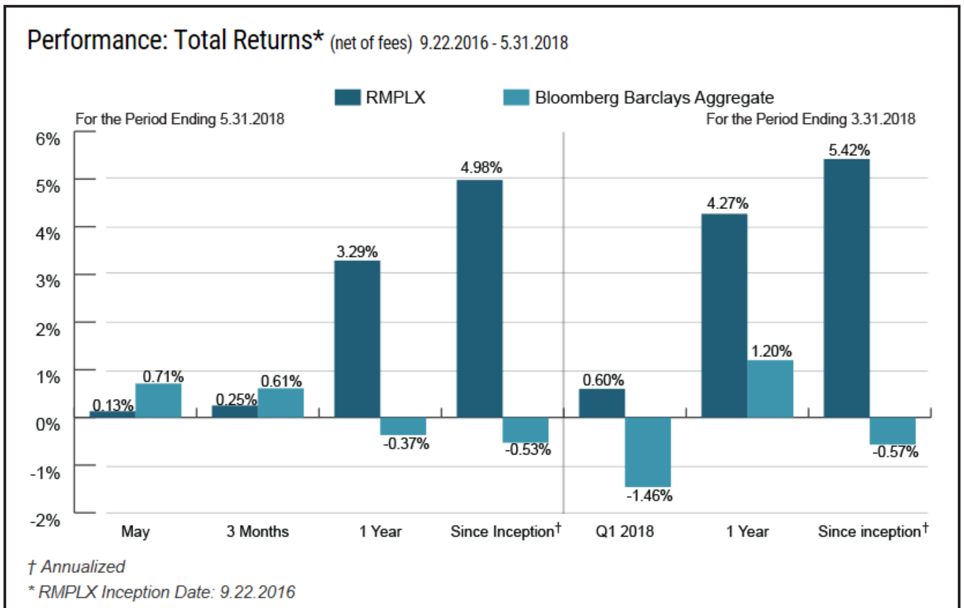
There are people that out of the box will take the time to try and understand some of those differences, because they either had such a bad experience in 2008/2009 or they just say, "Hey, consumer lending, I feel like consumers in this country are not worthy of that credit." And we feel differently about that.

JCS: What are some ways to educate folks on this sector? What is the future of the platform?

BARTOW: We have fact sheets, pitch books, and a Prospectus where you can learn about our fund. We talk about volatility and correlations and liquidity.

I think we have two challenges, and I think we've risen to both of them. We need to talk to people to get them up to speed on marketplace lending as an asset and on interval funds. There are a whole bunch of investors that are familiar with interval funds, so we'll spend most of that conversation on marketplace lending. Then there are folks that haven't spent time on either and we'll spend time on both.

We also have webcasts where we talk about performance of the asset. We had webcasts



Source: https://www.rivernorth.com/interval-closed-end-funds/rmplx before we launched where we'd walk through exactly what the asset was and exactly what an interval fund was. It's been a lot of work on our end, but by and large I've been pleased with the results, and I think investors have a clear understanding in what the asset is, how it might perform, how to think about it in a broader portfolio, and at the same time interval funds and how to think about the pros and cons of interval funds.

JCS: Let's talk about these loans versus BDC loans. Give me the quick and dirty perspective on how you see them operate in the market.

KERAI: Over the years, the BDC market has largely rotated into a more sponsor-backed, senior secured origination focus (although a number still hold at least some mezzanine paper or equity), some managers of course executing that strategy better than others. These are typically middle-market corporate loans that float off LIBOR. So, when you think about marketplace lending assets, these tend to be more geared towards the consumer, and small business loans which are smaller in size relative to a typical private-equity backed middle market company.

When you think about your typical BDC asset, it's a floating-rate asset, but it's not fully amortizing. So, that is floating-rate versus a fixed-rate but fully amortizing asset typically within Marketplace Lending. Furthermore, the principal balance within a pool of marketplace lending loans is declining over its life compared to a middle market corporate loan (or any bullet-pay security) which only pays par at maturity (or if called at the issuer's discretion).

JCS: Any internal indices you use? One that might be a better additional index to benchmark the fund after?

KERAI: We think about this asset class in terms of not only absolute value but also relative to what else is out there across fixed income.

So, if you are an investor thinking about what your menu is for short-duration options, what are your options and how does this fund stack up? What are the pros and cons? What are the risk factors you have in this product versus other fixed-income asset classes? From our view, there is a lot of excess spread relative to other credit products, especially now given that high-yield spreads are as tight as they've been since 2007. So, thinking about the fixed-income investor, what do you worry about? Well, you worry about duration risk. You worry about spread risk. You worry about credit risk if you are in a non-investment-grade product. From our perspective, thinking about the nature of the underlying loans in our portfolio, we stack up very well from a risk/return perspective versus the menu of short duration options out there, especially at current pricing levels.

Thank you Philip and Andrew for your time today.

As of June 20, 2018, CEFA does not own any of the fund for clients or family.

"if you are an investor thinking about what your menu is for short-duration options ... from our view [with this fund] their is a lot of excess spread relative to other credit products..."

Opinions and estimates offered constitute our judgment and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. The material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The views and strategies described may not be suitable for all investors. This information is provided for informational purposes only and should not be considered tax, legal or investment advice. References to specific securities, asset classes and financial markets are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations. Opinions referenced are as of the day recorded and are subject to change due to changes in the market, economic conditions or changes in the legal and/or regulatory environment and may not necessarily come to pass.

Definitions:

- *Asset-backed security (ABS) is a financial security collateralized by a pool of assets such as loans.*
- *Securitization is the procedure whereby an issuer designs a financial instrument by merging various financial assets and then markets tiers of the repackaged instruments to investors.*
- *Yield is the income return on an investment. This refers to the interest or dividends received from a security and is usually expressed annually as a percentage based on the investment's cost, its current market value or its face value.*
- *A business development company (BDC) is an organization that invests in and helps small- and medium-size companies grow in the initial stages of their development. Many BDCs are set up similarly to closed-end investment funds and are typically public companies whose shares are traded on major stock exchanges.*
- *A collateralized loan obligation (CLO) is a security backed by a pool of debt, often low-rated corporate loans. The investor receives scheduled debt payments from the underlying loans but assumes most of the risk in the event that borrowers default.*
- *The 40-Act, or Investment Company Act of 1940, was created through an act of Congress to require investment company registration and regulate the product offerings issued by investment companies in the public market.*
- *Amortization is the paying off of debt with a fixed repayment schedule in regular installments over a period of time.*
- *Prime is a classification of borrowers, rates or holdings in the lending market that are considered to be of high quality. Super-Prime is considered the highest quality. Sub-Prime is considered lower quality.*
- *Coupon is the annual interest rate paid on a bond/loan.*
- *Duration is a measure of the sensitivity of the price of a fixed income investment to a change in interest rates.*
- *The financial crisis of 2007–08, also known as the global financial crisis and the 2008 financial crisis, is considered by many economists to have been the worst financial crisis since the Great Depression of the 1930s.*
- *A bullet pay security is a debt instrument whose entire principal value is paid all at once on the maturity date, as opposed to amortizing the security over its lifetime.*
- *Par is a term that refers to a financial instrument that is trading at its face value.*

Distributions

- Distribution dates are estimates and subject to change.
- The distribution policy to declare and pay regular quarterly distributions may be changed or discontinued without notice.

Record Date	Ex-Date	Payable Date	Income	Short Term Gains	Long Term Gains	Total Distributions
03.29.17	03.30.17	03.31.17	$0.49891	$0.00000	$0.00000	$0.49891
05.26.17	05.30.17	05.31.17	$0.39000	$0.00000	$0.00000	$0.39000
08.29.17	08.30.17	08.31.17	$0.41000	$0.00000	$0.00000	$0.41000
11.28.17	11.29.17	11.30.17	$0.59744	$0.00000	$0.00000	$0.59744
12.27.17	12.28.17	12.29.17	$0.34260	$0.00000	$0.00000	$0.34260
02.26.18	02.27.18	02.28.18	$0.47570	$0.00000	$0.00000	$0.47570
05.25.18	05.29.18	05.30.18	$0.70210	$0.00000	$0.00000	$0.70210

Source: https://www.rivernorth.com/interval-closed-end-funds/rmplx

- *A callable security is a security with an embedded call provision that allows the issuer to repurchase or redeem the security by a specified date.*
- *Weighted average FICO score is the weighted average of all the FICO scores in the Fund. It is calculated by weighting the FICO score of each loan by its outstanding balance. The measure gives investors an idea of how creditworthy the Fund's underlying loans are overall. The lower the weighted average FICO score, the less creditworthy, and riskier the portfolio. FICO score is a type of credit score created by the Fair Isaac Corporation. Lenders use borrowers' FICO scores along with other details on borrowers' credit reports to assess and determine whether to extend credit. Small business loans do not have FICO scores.*
- *N-2 Filing is a filing with the Securities and Exchange Commission (SEC) that must be submitted by closed-end management investment companies to register under the Investment Company Act of 1940 and to offer their shares under the Securities Act of 1933. Correlation is a statistic that measures the degree to which two securities move in relation to each other.*
- *Weighted average coupon is the weighted average gross interest rates paid by borrowers.*
- *Weighted average term is the weighted average term to maturity of a debt security.*
- *A credit spread is the difference in yield between two bonds of similar maturity but different credit quality. Widening credit spreads indicate growing concern about the ability of corporate (and other private) borrowers to service their debt. Narrowing credit spreads indicate improving private creditworthiness.*
- *Risk-adjusted return Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating.*
- *Muni is short for municipal bonds.*
- *Discounted-cash flow is a valuation method used to estimate the attractiveness of an investment opportunity.*
- *Default is the failure to promptly pay interest or principal when due.*
- *Treasury curve is a graphical representation of the relationship between the different maturities of Treasury securities and their yield to maturity.*
- *Swap curve is a yield curve created to show the interest rates that are charged at various maturities for swap agreements. A swap curve is based on the zero-coupon yield curve.*
- *LIBOR is the world's most widely-used benchmark for short-term interest rates. It serves as the primary indicator for the average rate at which banks that contribute to the determination of LIBOR may obtain short-term loans in the London interbank market.*
- *A senior bank loan is a debt financing obligation issued by a bank or similar financial institution to a company or individual that holds legal claim to the borrower's assets above all other debt obligations. The loan is considered senior to all other claims against the borrower, which means that in the event of a bankruptcy the senior bank loan is the first to be repaid, before all other interested parties receive repayment.*
- *Mezzanine financing is a hybrid of debt and equity financing that is typically used to finance the expansion of existing companies. Mezzanine financing is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full.*
- *Floating-rate asset is a debt instrument with a variable interest rate.*

The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The Prospectus and most recent periodic reports contain this and other important information about the investment company, and may be obtained by visiting rivernorth.com/literature or by calling 844.569.4750. Read the Prospectus carefully before investing.

Portfolio asset allocations are estimates made by the adviser and are subject to change.

The default history for marketplace lending is limited and future defaults may be higher than historical defaults.

The Rivernorth Marketplace Lending Corporation is a closed-end interval fund.

The Fund is classified as non-diversified, which means the Fund may invest a larger percentage of its assets in the securities of a smaller number of issuers than a diversified fund. Investment in securities of a limited number of issuers exposes the Fund to greater market risk and potential losses than if its assets were diversified among the securities of a greater number of issuers.

Leverage creates risks which may adversely affect returns.

Past performance is not a guarantee of future results. Diversification does not ensure a profit or guarantee against loss.

See the prospectus for a more detailed description of Fund risks. Investing involves risk. Principal loss is possible.

The Fund's Shares will not be listed on an exchange in the foreseeable future, if at all. It is not anticipated that a secondary market for the Shares will develop unless the Shares are listed on an exchange. Thus, an investment in the Fund is not suitable for investors who might need access to the money they invest for several years or longer. The Fund may decline to accept any subscription requests for any reason regardless of the order in which such subscription request was submitted to the Fund in a particular subscription period. If a borrower 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. The Marketplace Lending Instruments in which the Fund may invest will not typically be guaranteed or insured by any third-party and will not typically 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. Marketplace Lending Instruments are generally not rated by the nationally recognized statistical rating organizations ("NRSROs"). Such unrated instruments may be comparable in quality to securities falling into any of the ratings categories used by such NRSROs. Accordingly, certain of the Fund's unrated investments could constitute a highly risky and speculative investment, similar to an investment in "junk" bonds. The Marketplace Lending Instruments in which the Fund may invest may have varying degrees of credit risk and the Fund will not be restricted by any borrower credit criteria or credit risk limitation. There can be no assurance that payments due on underlying Marketplace Loans will be made. At any given time, the Fund's portfolio may be substantially illiquid and subject to increased credit and default risk. The Shares therefore should be purchased only by investors who could afford the loss of the entire amount of their investment. The Company's fees and expenses may be considered high and, as a result, such fees and expenses may offset the Company's profits. A portion of the investments executed for the Company may take place in foreign markets. As a result of the foregoing and other risks described in this Prospectus, an investment in the Fund is considered to be highly speculative.

Please note: As of May 31, 2018, the Fund does not hold stock in any of the companies mentioned in the article. Fund holdings and sector allocations are subject to change and are not recommendations to buy or sell any security.

RiverNorth Marketplace Lending Corporation is distributed by Quasar Distributors, LLC. RiverNorth Capital Management, LLC and Quasar Distributors, LLC are not affiliated.

*NOT FDIC INSURED * NO BANK GUARANTEE * MAY LOSE VALUE*

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Portfolio Managers' Review

Closed-end fund performance has been improving as a whole since discounts bottomed out in the first quarter. Through June 8, 2018, in the second quarter discounts have narrowed about -1.3%. The average CEF is up +4.69% QTD and +2.27% year-to-date (YTD) according to our 12 Major Sector Index. Check out our 30+ indexes at www.cefdata.com/index.

The best performing equity sectors, year-to-date, are US Equity +5.62% and MLP funds + 2.45%, (up +14.97% QTD). The best performing bond sectors are Convertible bond funds, +6.69% and Debt-focused (BDCs) +4.30%. The largest CEF sector, Municipal Tax-free Bond funds, are down -3.54% YTD, (however, up +1.71% QTD).

Discounts are widest for International Equity (-10.6%), International Bond (-9.1%), NY Municipal bond funds (-9.2%), High Yield bond funds (-9.00%), and National Municipal bond funds (-7.6%). We recently studied the six municipal bond CEFs with a 30+ year track record from three different sponsors and found they have traded above NAV (premiums) 54% of the time and only trade wider than -10% discounts 8% of the time.

Duration and dividend cut concerns are important to note and will continue to impact our weighting of this sector for client accounts. However, we feel there is room for discounts to narrow and some funds that have a better leverage cost or, don't need to replace bonds at as fast of a pace as peers until 2020 and beyond, should out-perform from a yield perspective.

Our use of municipal bond funds is surgical and tactical to offset the credit risk of our equity and credit bond allocations. In addition to our typical discount direction and analysis of the underlying bond and leverage adjusted duration, we have been paying close attention to the undistributed net investment income (UNII) trends, earnings coverages, call schedules and when we expect the next dividend announcement when making our fund selections.

We are the most optimistic, where tax-appropriate for clients, in the following sectors: Sr. Loan, Business Development Company (BDC), Master Limited Partnership (MLP) and Real Estate, Real Asset categories. We recommend you read our February 2018 piece on BDCs (www.cef-blog.com) as to why we often prefer to select BDC holdings in the top 50% of discount/premium levels.

We are underweight High Yield bond funds as credit spreads are too narrow in our opinion. We are also underweight Preferred Equity, Convertible Bonds and Utility funds. Another CEF suggestion is to either sell / swap funds trading at lofty premiums or potentially set trailing stops to help protect from a possible fall in pricing from sentiment shifts common for traditional CEFs.

At the portfolio level, we continue to seek a balance in optimizing beta (sensitivity to the S&P 500), duration (sensitivity to interest rates) inter-group correlation (a measure of portfolio diversification) and for taxable accounts, estimated tax friction - based on a client's marginal tax bracket and the trailing 1-year dividend classifications for current holdings. Our custom income-focused solutions have helped new clients stabilize their principal and return their after-tax income level to a level that can potentially better meets their goals. It should be noted, that we cannot guarantee performance results, future dividends or taxation of those dividends.

We have increased success in adding a volatility reducing options firm as a sub-advisor for taxable accounts, where prudent, as well as a top-performing quantitative CEF manager for clients who are seeking capital appreciation as part or all of their needs from CEFs. These options can be done directly through CEFA and reporting alongside our regular strategies. We always enjoy an opportunity to communicate with clients, advisors, peers and prospects. Feel free to call or email anytime.

George Cole Scott
John Cole Scott

CEF Advisors' Quarterly CEF/BDC Research Call
2:00pm EST
July 17th, 2018

Register for session or replay
www.CEFAdvisors.com/webinars.html

Note: All data referenced is from CEFA's CEF Universe data dated June 8, 2018 unless otherwise stated.

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Closed-End Fund Advisors

Currently offering managed portfolios with the following objectives:

- International Opportunity
- Diversified Equity
- Diversified Growth
- Growth & Income
- Hybrid (High) Income
- Alternative Income
- Discount Opportunity
- Foundation/Balanced
- Diversified Low Beta
- Low Correlation
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- BDC Select
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- Special Situations

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