

Holding the Line

A One-Year Look at Closed-End Fund Management Fees, May 2025 - May 2026



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From May 20, 2025, to May 20, 2026, did closed-end funds get more expensive or less? A matched-fund review of 356 funds finds management fees that barely moved at the typical fund, eased for the largest ones, and were reshaped, at least on paper, by a wave of municipal-bond mergers.

One-Year Change in CEF Management Fees, by Main Group

Median fund · matched & ex-merger basis · fund count in parentheses · May 2025 → May 2026

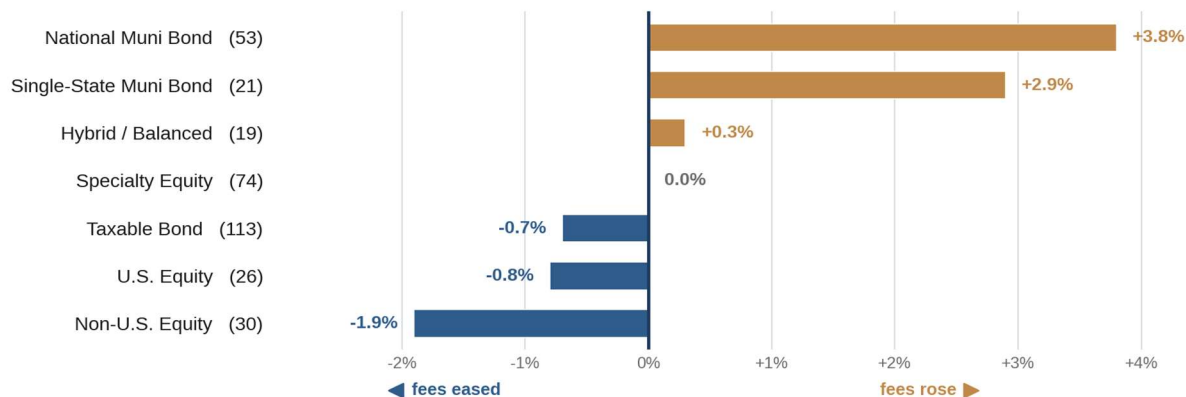


Figure 1. Municipal-bond funds were the one clear pocket of rising management fees, while taxable-bond and non-U.S. equity funds eased; most categories barely moved. Clean basis excludes funds reshaped by reorganizations.

Executive Summary

Across the 356 U.S.-listed closed-end funds (CEFs) that traded through the full year from May 20, 2025 to May 20, 2026 with a reported management fee in both periods, the simplest finding is the most important one: management fees barely moved. The median fund charged 1.03% in both years. Set aside roughly 20 funds reshaped by mergers and accounting changes, and the equal-weighted average fee was essentially flat, down about 0.2%. Data sourced from CEFData.

The net-asset-weighted average; what an actual invested dollar pays eased close to 4%, because the industry's largest funds were the most likely to see the if effective fee decline. By simple headcount, slightly more funds raised fees (135) than cut them (119), with 102 unchanged; but the

funds that cut tended to be larger and cut harder. The movement was not random. Municipal-bond funds drifted higher, taxable-bond and non-U.S. equity funds drifted lower, and core equity and option-income categories held flat. And the year's bigger structural story sat just beneath the fee line: a municipal-fund merger wave, roughly 20% asset growth, and a modest rise in leverage at the typical fund.

The Honest Answer: Fees Held the Line

Advisors field a simple question from clients more often than they would like: did my funds get more expensive this year? For closed-end funds, the honest one-year answer measured from May 20, 2025, to May 20, 2026 is “not by much, and it depends on how you count.”

This review is built on a matched-fund basis. Of the 364 CEFs in the May 2026 data and 400 in May 2025, 358 funds appear in both, and 356 carried a reported management fee in each year. Matching matters. The universe lost a net 36 funds over the year, and those exits skewed toward smaller, higher-cost funds. Comparing each year's full list against the other would hand the industry a “fee cut” it did not earn, simply because expensive funds disappeared. The matched set asks the cleaner question: for the funds that were actually here the whole time, what happened?

Three lenses give three slightly different answers. The median, or typical, fund paid 1.03% in both years; on a like-for-like basis its fee slipped by about 1%. The equal-weighted average, every fund counting the same, was flat, down roughly 0.2% once corporate-action distortions are removed. The net-asset-weighted average, which reflects what a dollar spread across the group actually pays, fell about 4%. That spread between “flat at the typical fund” and “down on an asset-weighted basis” is not noise. It is the structural story of the year, and the word for it is scale.

The fund-by-fund count tells the same story from another angle. Among the 356 matched funds, 135 nudged their management fee higher, 119 moved lower, and 102 did not move at all defining “no change” as a shift of less than one basis point, since these are effective fee rates that drift slightly with a fund's asset base. More increases than decreases by headcount, yes; but the average increase was about 11 basis points while the average decrease was about 17, and the decreases were concentrated on larger funds. Put plainly: a dollar invested across the closed-end universe paid a little less in management fees in 2026 than in 2025, even though the published fee at the median fund did not budge.

Read the Headline Numbers With Care: The Municipal Merger Wave

Before going further, a caution that shapes everything that follows: the largest reported one-year fee changes in the data are not pricing decisions at all.

About 20 matched funds show a one-year change in reported management fee of more than 40%, in one direction or the other. These are not managers doubling their fees or slashing them by three-quarters. They are the fingerprints of corporate actions. Closed-end management fees are

typically charged on managed assets, and the reported figure is an effective rate. When a fund absorbs sibling funds, sees a fee waiver expire, or has its expenses trued up after a reorganization, that effective rate can lurch for reasons that have nothing to do with what the manager actually charges.

The municipal-bond complex drove most of it. PIMCO folded six closed-end municipal funds into three survivors, effective in August 2025. BlackRock carried out a sweeping municipal reorganization, merging roughly a dozen trusts into larger surviving funds through 2025. And in December 2025, MFS approved its own consolidation, seven funds reorganizing into two survivors, alongside a change of investment adviser. Surviving funds such as BlackRock MuniYield Quality and the MFS Municipal Income Trust show reported fee jumps above 100% purely because the survivor's effective rate is now measured against a freshly merged asset base and a changed waiver structure.

The mirror image appears among the largest reported decreases. The five biggest reported increases, led by XAI Madison Equity Premium, Sound Point Meridian Capital, BlackRock MuniYield Quality, Putnam Managed Municipal Income, and the GDL Fund, and the five biggest reported decreases, including the Sprott Physical Gold and Silver Trust, OFS Credit, General American Investors, Saba Capital Income & Opportunities, and the Mexico Fund, are, almost without exception, corporate-action or accounting artifacts rather than fee decisions.

The takeaway for advisors is practical: when a closed-end fund's expense line moves sharply, check for a reorganization before concluding the manager repriced the fund. The municipal merger wave is, on balance, a positive for shareholders, larger funds, better secondary-market liquidity, and fixed costs spread across a wider base are exactly the scale benefits sponsors cite when they propose these deals. But that same wave scrambles a naive year-over-year fee comparison. For the rest of this review, we report a “clean” figure that sets the 20 corporate-action funds aside, alongside the all-in number.

Where Fees Actually Moved

On a clean, matched basis the universe was quiet – but not uniformly so.

Table 1. Management fee change by main group – clean matched basis (excludes corporate-action funds).

Main Group	Funds	Median Fee 2026	Median Change	Average Change	NAV-Wtd Change	Funds Up / Flat / Down
National Muni Bond	53	0.88%	+3.8%	+2.1%	+2.7%	35 / 12 / 6
Single-State Muni Bond	21	0.92%	+2.9%	+1.8%	+3.2%	17 / 2 / 2
Hybrid / Balanced	19	1.44%	+0.3%	+0.9%	+1.7%	6 / 10 / 3
Specialty Equity	74	1.06%	0.0%	-0.2%	-7.6%	13 / 36 / 25
U.S. Equity	26	1.03%	-0.8%	-0.3%	-1.4%	8 / 12 / 6
Non-U.S. Equity	30	1.06%	-1.9%	-1.3%	-1.5%	6 / 10 / 14

Main Group	Funds	Median Fee 2026	Median Change	Average Change	NAV-Wtd Change	Funds Up / Flat / Down
Taxable Bond	113	1.13%	-0.7%	-1.3%	-2.8%	36 / 30 / 47

The clearest pocket of genuine fee increases was municipal bonds. National municipal funds saw the median fund's management fee rise about 3.8%, and single-state municipals about 2.9%. That deserves a closer look, because it is unlikely to be managers reaching for more. Municipal CEFs are the most heavily leveraged corner of the structure, and the typical matched fund added leverage over the year. Because most closed-end advisory fees are charged on total managed assets, common assets plus borrowings, a fund that increases its leverage will show a higher fee when that fee is measured against net assets, even if the contractual rate never changes. The municipal increase is best read as a leverage-and-waiver story, not a pricing story.

Taxable-bond funds moved the other way. The median taxable-bond fund's fee slipped, and within the category the income-credit corners eased the most: multisector bond funds were down about 7% at the median, utilities-focused funds about 8%, high-yield bond funds about 4%, and master limited partnership funds about 4%. Non-U.S. equity funds also drifted lower, roughly 2%, with Asian equity funds down about 9% on an asset-weighted basis.

Table 2. Sub-groups with the largest median management fee moves – clean matched basis, sub-groups with five or more funds.

Sub-Group	Matched Funds	Median Change	Average Change	NAV-Wtd Change
LARGEST MEDIAN FEE INCREASES				
Convertible Funds	8	+11.9%	+1.4%	+1.2%
Global Income Funds	7	+11.1%	+0.6%	+3.4%
Loan Participation	16	+5.0%	-3.2%	-1.5%
Muni High Yield	12	+3.4%	+1.1%	+1.5%
National Municipal	38	+3.1%	+2.4%	+3.2%
California Municipal	7	+2.9%	+1.9%	+3.9%
LARGEST MEDIAN FEE DECREASES				
Utilities Funds	9	-8.1%	-3.2%	-2.7%
Multisector Bond	23	-7.2%	-1.7%	-3.7%
High Yield Bond	24	-4.4%	-3.0%	-5.3%
MLP Funds	5	-4.1%	+0.5%	-0.5%
Mortgage Bond	7	-2.7%	+1.8%	+0.2%
Asian Equity	8	-2.1%	-2.5%	-9.0%

Meanwhile, the core of the equity-income world barely moved. Covered-call funds, preferred-equity funds, hybrid and balanced funds, and general U.S. equity funds were all within roughly

a percentage point of where they began. For the categories most advisors actually use to build income sleeves, the cost of ownership in May 2026 looked almost identical to May 2025.

One nuance is the tables reward: in a few smaller sub-groups, convertible funds and global income funds among them, the median move looks dramatic while the average is mild. That gap signals a widespread within a small sample rather than a category-wide repricing, and it is a useful reminder to weigh any conclusion by how many funds sit behind the number.

The Sponsor Scorecard

Narrowing to the 19 sponsors that had at least five matched funds, the headline is stability. Most large fund families landed within roughly two percentage points of flat, which is to say they did not meaningfully touch fees at all. That is consistent with how closed-end pricing works: advisory rates are set in contracts, reviewed by boards, and renegotiated infrequently.

Table 3. Sponsor scorecard – clean matched basis, sponsors with five or more matched funds.

Fund Sponsor	Matched Funds	Average Fee Change	NAV-Weighted Fee Change
FIVE LARGEST AVERAGE FEE INCREASES			
First Trust	5	+4.9%	+4.4%
Virtus	12	+4.9%	+3.1%
Invesco	13	+1.6%	+1.6%
Aberdeen	14	+1.5%	+0.3%
BlackRock	34	+1.3%	-0.2%
FIVE LARGEST AVERAGE FEE DECREASES			
Gabelli	11	-3.9%	-1.0%
RiverNorth	8	-3.2%	+0.3%
PIMCO	15	-1.7%	-4.5%
Flaherty & Crumrine	5	-1.6%	-1.6%
John Hancock	9	-1.0%	-1.2%

The genuine movers were modest. First Trust and Virtus stood out on the upside, with average management fees up close to 5%. On the downside, Gabelli and RiverNorth saw average fees ease 3% to 4%, and PIMCO's asset-weighted fee fell about 4.5%, the latter tied directly to its municipal mergers producing larger, more efficient survivors. The dispersion across the biggest sponsors was narrow enough that, for a diversified closed-end investor, sponsor-level fee drift simply was not a portfolio event this year. The more important sponsor story was structural, which families chose to consolidate, not which ones nudged a rate.

Fees and Fund Vintage

Sorting the matched universe by the decade a fund came public turns up the most striking number in the entire review, and it is a level, not a change.

Table 4. Management fee by decade of IPO – clean matched basis.

IPO Decade	Matched Funds	Avg Fee 2025	Avg Fee 2026	Average Change	NAV-Wtd Change
2021 - 2026	17	1.56%	1.54%	-0.8%	-1.3%
2011 - 2020	70	1.49%	1.48%	-0.6%	-2.5%
2001 - 2010	126	1.05%	1.06%	+0.5%	-4.7%
1991 - 2000	60	0.97%	0.97%	+0.7%	+1.0%
1981 - 1990	49	0.87%	0.86%	-1.5%	-1.9%
Pre-1981	14	0.71%	0.68%	-4.1%	-4.0%

The newest cohort, funds launched from 2021 onward, carries an average management fee around 1.55%. The oldest cohort, funds that came public before 1981, averages about 0.68%. That is a 2.3-times spread, and it is durable. The reason is what each generation of closed-end funds was built to do. Older survivors are largely scaled, plain-vanilla equity and municipal funds that have lived through decades of fee competition. The newer launches lean toward credit, alternative-income, and option strategies that command higher advisory rates as well as the newer cohort of Term trust CEFs v. 2.0 were created in the market from October 2018 through February 2022, where fund sponsors paid the load for IPO and resulting in higher base fee levels.

Year-over-year, once corporate actions are cleaned out, the changes within each cohort were small, the oldest cohorts drifted down a touch, the newest held roughly flat. The practical point for advisors is that a fund's vintage is a usable first proxy for its cost: a fund launched in the 1990s and one launched in 2024 are rarely in the same fee neighborhood, and that gap deserves a line in any due diligence note.

The Backdrop: Running Costs, Leverage, and a Bigger Universe

Two measures frame the fee picture. The first is the gross non-leverage expense ratio; a fund's total running cost with the cost of borrowing stripped out. On a matched basis it tells the now-familiar story: the median fund's ex-leverage cost rose about 6%, while the asset-weighted figure fell about 3%. The typical small or mid-sized CEF is feeling genuine cost pressure on the expenses it can least dilute; fixed administrative, board, audit, proxy campaigns and listing costs. While the largest funds spread those same costs across a far wider base. Scale, once again, is doing the heavy lifting.

The second measure is size. Matched-fund net assets grew about 20% over the year, to roughly \$284 billion, and gross assets about 16%, to roughly \$351 billion. Part of that is market appreciation; part is the assets of merged-away funds rolling into surviving funds. The fact that

net assets grew faster than gross assets points to mild de-leveraging across the universe as a whole, even as the typical fund added leverage; a divergence worth keeping in mind when reading the category numbers.

Put the pieces together and the year resolves into a coherent picture: a larger closed-end universe, modestly cheaper at the top, with the cost of ownership holding firm for most funds and creeping up for the smallest. Fees did not fall in any sweeping way – but for the dollar-weighted investor, the structure quietly got a little more efficient.

A Closer Look at Leverage

Leverage moved enough this year to deserve its own line. Across the matched universe, the median fund's leverage rose from about 24.9% to 26.2% of assets, an increase of roughly 5%. Yet the equal-weighted average was essentially flat, and the net-asset-weighted figure fell from about 18.8% to 17.6%, down more than 6%. The reconciliation: smaller and mid-sized funds added leverage, while the largest funds saw their leverage ratio decline as net asset values grew faster than borrowings. It is the same scale divergence visible in the fee data – and it is part of why municipal funds, the most leveraged category, showed rising effective fees even with stable contractual rates.

Methodology

Figures are drawn from closed-end fund datasets dated May 20, 2025, and May 20, 2026. The analysis is matched-fund: 358 funds appear in both datasets, and 356 carried a reported management fee in each year. "Clean" figures exclude 20 funds whose reported one-year management-fee change exceeded 40% in absolute terms, virtually all reflecting reorganizations, fee-waiver changes, or post-merger accounting true-ups. Net-asset-weighted figures weight each fund by net assets. "No change" in the fee counts is defined as a move of less than one basis point. Sponsor names "abrdn" and "FS/KKR" were mapped to their current names, Aberdeen and FS Global Advisor, so that funds line up across years. Expense, fee, and leverage figures are reported in percentage points.

Disclosures:

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