CION INVESTMENTS

Investing in Interval Funds

Many alternative income-generating investments have not been accessible to individual investors due to prohibitively high investment minimums and complete illiquidity. Interval funds are special investment vehicles with much lower investment minimums that may provide potentially favorable returns and are not completely illiquid.

Visit cioninvestments.com for more information.

WHAT ARE INTERVAL FUNDS?

An interval fund is a professionally managed investment company registered as a closed-end fund under the Investment Company Act of 1940 (the "1940 Act"). While there are many similarities between interval funds, traditional mutual funds, and exchange listed closed-end funds, there are a few key differences to be aware of as well.

- Interval fund shares are offered continuously, unlike listed closed-end funds. They can be purchased directly from the fund like open-ended mutual funds at a price calculated based on their Net Asset Value (NAV), which is assessed daily.
- Interval funds tend to invest in income-producing products and strategies and offer investors periodic distributions from the fund. Distributions from interval funds may be a combination of income, capital gains, and/or return of capital.
- There are no listed secondary markets for shares of interval funds; instead repurchase offers are available at NAV at periodic intervals. These intervals can be every three, six, or nine months as designated by the fund.
- Repurchase offers are required to be for no less than 5 percent and no more than 25 percent of the outstanding shares under Rule 23c-3 of the 1940 Act. This regulatory requirement of liquidity separates interval funds from other types of non-traded closed-end funds.

	LISTED CLOSED-END FUND	INTERVAL FUND	OPEN-ENDED MUTUAL FUND
Offering	One Time via IPO	Continuous	Continuous
Liquidity	Exchange Traded	Periodic Repurchase	Daily Redemption
Pricing	Market	NAV	NAV
Valuation	Daily	Daily	Daily
Maximum Allowed Illiquid Assets	No Limit	No Limit[1]	15%
Taxed	Form 1099	Form 1099	Form 1099

[1] Must have liquid assets to cover repurchase offers, otherwise no limit.

THE SHARE REPURCHASE PROGRAM

1. All shareholders are notified by the fund managers what the details of the coming repurchase offer will be, typically 3-6 weeks before shareholder requests are due
2. Shareholders looking to sell their shares to the fund send in their formal requests ahead of the repurchase deadline
3. If shareholders tender more than the offered amount, then the interval fund must repurchase shares pro rata
4. Following the request deadline is the repurchase pricing date, when the NAV of the shares to be repurchased is calculated
5. Shareholders receive payment for shares successfully repurchased by the fund.

WHY ARE ALTERNATIVE ASSET MANAGERS CHOOSING TO UTILIZE INTERVAL FUNDS?

Alternatives, including direct investments in private credit and real estate, seek to take advantage of the premium associated with holding less liquid or illiquid assets. Open-ended Mutual funds are prohibited from investing more than 15% of their net assets in illiquid assets under the Investment Company Act of 1940. Interval fund managers have the latitude to put forth their preferred strategies without needing to focus on providing daily liquidity.

Prohibitions on high concentration of illiquid assets in open-end funds can limit a fund manager in both investment selection and maneuverability. In an interval fund, the portfolio manager has the flexibility to take advantage of a more dynamic allocation strategy. These funds are best suited for investors with longer-term investment horizons, despite having periodic repurchase offers. They are typically subject to higher fees and expenses relative to other closed-end funds. We advise anyone considering this type of investment to review the corresponding product prospectus for this information regarding fees and expenses.

To learn more about Interval Funds, please contact your financial professional.