

Bulldog Muni Update

2/12/2019

Bulldog Muni Update- Tax Free Investing at a Discount- Huge Win for Bulldog as Alliance Liquidates AKP- On 2/7 Alliance California Municipal Income (“AKP”) announced that its Board of Directors had announced the liquidation of AKP, subject to shareholder approval. Shareholders will vote on the liquidation at a special meeting on 4/26. The liquidation was the culmination of a campaign led by Bulldog that initially opposed a new investment advisory agreement between Alliance and AKP. After successfully blocking the advisory agreement, Bulldog, with a 12.5% ownership stake, kept up the pressure and nominated Messrs. Das, Dakos and Goldstein, principals of Bulldog, to serve as directors. On 2/7 Alliance capitulated and announced the fund’s liquidation. Over the past 12 months, the discount has narrowed from 13.39% on 2/12/2018 to its current level of 2%. An investment in AKP made a year ago returned 16.36% vs. a return of 3.8% for the Bloomberg Barclays Municipal Bond Index.



Munis performed well in January as a more dovish outlook from the Fed pushed muni yields lower and prices higher. In the last week of January investors added \$1.06 billion to muni-bond mutual funds. In the CEF space activist targets continue to perform well. Eaton Vance Muni (“EIV”) saw its discount narrow from 13.98% on 12/31 to 8.78% on 1/31, as its largest shareholder filed a 13d and submitted a shareholder proposal requesting that the Board of Directors authorize a tender offer at NAV for all shares. As we had noted previously, wide discounts and unhappy shareholders can lead to excellent activist results.

Please reach out with any questions.