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Bulldog Investors Urges Shareholders of XFLT to Vote No at Special Meeting

SADDLE BROOK, N.J., July 02, 2026 (GLOBE NEWSWIRE) -- Bulldog Investors, LLP, a significant shareholder of XAI Floating Rate & Alternative Income Trust (NYSE: XFLT), holding 310,000 shares, announced today that it intends to vote against a new sub-advisory agreement at the July 30th special meeting of shareholders unless and until the Board of Trustees agrees to provide an opportunity for shareholders to monetize their shares at a price close to net asset value (NAV).

For background, XFLT initially sold shares to investors in 2017 at a price (adjusted for a recent one-for-five reverse stock split) of \$50 per share. Notably, XFLT was structured as a “term trust” that was slated to be wound up on or about December 31, 2029. The purpose of a term trust is to guarantee investors that they will receive NAV at a predetermined point in time. However, in December 2023, with XFLT’s shares trading at a premium of about 5% above NAV, the Board, in a “bait and switch” move, persuaded shareholders to vote to convert XFLT to a perpetual fund.

At the same time, the Board urged shareholders to approve a new investment sub-advisory agreement with Octagon Credit Investors because of what it viewed as Octagon’s impressive investment performance and “experienced team of investment professionals [that] has worked together for many years and managed funds through multiple credit cycles over Octagon’s 29-year history.” Shareholders dutifully approved both proposals.

Fast forward to today. XFLT’s stock price has collapsed to about \$17.65, down 65% from its IPO price and more than 50% from its price of \$37.50 price in December 2023. Moreover, the premium that existed when the Board persuaded shareholders to do away with XFLT’s fixed term has turned into a discount of more than 20% below NAV. The Board’s response to this dismal performance is to replace Octagon with another sub-advisor that it hopes will do better. However, the Board has failed to take responsibility for the ill-advised elimination of XFLT’s term trust structure that assured shareholders they could eventually monetize their shares at NAV instead of having to sell them in the market at a steep discount.

The shareholder vote on the Board’s proposal to approve a new sub-advisor is a referendum on the Board itself. If shareholders do not approve the new sub-advisory agreement on July 30, 2026, that will indicate they have lost confidence in the Board’s judgment, in which case XFLT should be wound up as promptly as possible. In a liquidation, shareholders stand to gain about 30% more than they would get today by selling their shares in the market.

Phillip Goldstein, a managing partner of Bulldog Investors, stated: “The buck stops with XFLT’s Board of Trustees. As they say, ‘Fool me once, shame on you; fool me twice, shame on me.’ Unless and until the Board indicates that it will provide an opportunity for shareholders to monetize their shares at a price close to NAV, we recommend that shareholders vote against the proposal to hire a new sub-advisor. If that proposal fails, it will send a clear message to the Board that merely replacing one sub-advisor with another is insufficient and the Board needs to take steps to promptly liquidate XFLT’s assets and distribute the cash to shareholders.”

About Bulldog Investors, LLP: Bulldog is an SEC-registered investment adviser that manages closed-end funds and separately managed accounts. (www.bulldoginvestors.com)

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