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Closed-End Funds (CEF) Surveillance Model

Model Summary Document (MSD)

1. Model Purpose and Description

The CEF Surveillance Model utilizes Excel to conduct the Fitch overcollateralization (OC) tests by discounting the market value of portfolio assets by asset-specific discount factors (DF), measuring the impact of derivatives and subordination, and implementing the Fitch diversification framework specified in the currently published version of Fitch's closed-end fund criteria. The discounted value of assets is also compared with outstanding leverage and other liabilities. A factor Fitch uses to assign ratings is this analysis of a fund's minimum asset coverage requirements. (Actual ratings may be different than model output due to other quantitative and qualitative factors.)

2. Model Assumptions

The assumptions in the model are described in Fitch's criteria

- Closed-End Funds Rating Criteria

3. Model Inputs

The key inputs to the model include detailed data on every portfolio security (e.g. name, market value, currency, sector, rating, state) and details of the fund's current liabilities, structured liabilities and other liabilities.

4. Model Development Data

Not applicable to this rating model as it does not use historical data for its development and calibration, and it only uses issuer specific data and other related data as described in the relevant criteria and/or RAC.

5. Model Limitations

The model is intended to be applied to U.S. closed-end funds (CEFs) regulated under the 1940 Act. It is also applicable to CEFs operating under other regulatory frameworks and other market value structures where the primary source of repayment for rated obligations is the liquidation of assets.

6. Material Changes

The current model version is 2.0.x. Any future material changes will be disclosed in this section.

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