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## The behavior of discounts of closed-end funds undergoing open- ending

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We present the time distribution of the announcements and types of the funds in Panel A of Table 1. We have only fourteen cases between 1973 and 1985. Open ending activity appears to pick up pace during the 1990s with approximately 1/3<sup>rd</sup> of the cases observed in the 1996 to 2000 period. Fifty-three funds in the sample converted to an open-end investment company, thirty-three of the funds merged into existing open-end funds, and the remaining twenty-seven cases ceased to be closed-end funds through either liquidation or acquisition by other open-end funds.

The *Wall Street Journal* in its weekly closed-end fund price quotation column classifies the funds into several categories. We present a summary of the fund types in Panel B based on the *Wall Street Journal* classification. Broadly categorized, there are sixty-nine equity funds consisting of forty-three international equity funds and twenty-six domestic equity funds. There are forty-four bond funds out of which thirty-six are domestic bond funds and eight are world bond funds. Thus, there are fifty-one international or global funds and sixty-two domestic funds in the sample.

Among the bond funds, we have many different types of funds including mortgage funds, muni bond funds, high yield bond funds, government bond funds, etc. Similarly, among the equity funds there are country funds, world industry funds, international and global funds, dual-purpose funds, equity and convertible funds, etc. These funds invest in different asset classes which may exhibit time varying degrees of marketability, liquidity, and investor interest over the sampling period.

### 3.2. Descriptive statistics

We provide summaries of size and price related variables in Table 2. The average (median) market value of the funds is \$140.99 million (\$75.30 million) on the announcement date. The average number of shares outstanding is 14.13 million (median of 6.52 million). Share prices range from \$0.79 to \$144.80 with a mean of \$13.06 (median of \$10.00). The average net asset value on the announcement date is \$14.26 with a median of \$11.10.<sup>6</sup> The average number of trading days

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<sup>6</sup> The use of low priced funds in the sample has no effect on our results and conclusions. There are three funds with price below \$1.00 and three funds with price below \$3.50. All other funds in the sample are priced above \$5.00. The event study and the cross-sectional results, reported subsequently, are robust with regard to the inclusion or exclusion of these three funds.













































