The premiums on closed-end country funds tend to move in tandem, but do not move together with premiums on domestic closed-end funds. After controlling for foreign market fundamentals, changes in the stock price of country funds co-move with U.S. market returns, but changes in their net asset values do not. An index of changes in country fund premiums explains cross-sectional stock returns in the U.S. market, particularly for small firms. Collectively, these findings suggest U.S. stock prices are affected by market-wide sentiments which are reflected in closed-end country fund premiums.

Closed-end fund discounts typically offer no direct near-term upside, but can be valuable as a sentiment indicator. Several emerging markets’ closed-end funds a. Even more importantly though, I find closed-end funds useful as sentiment indicators to see which segments of the market are in relative high and low demand from retail investors. In this article, I am highlighting 8 closed-end funds of emerging market equities that I believe are a worthwhile list to watch in 2017. The lack of single country closed-end funds is the main reason countries like Brazil and the Philippines are not on this list. Specifically, I am looking at these 10 emerging market countries as components or former / correlated components of the iShares MSCI Emerging Markets Index ETF (NYSEARCA: EEM). Closed-End Funds vs. Open-End Funds: An Overview. Wall Street can be a complicated place. It’s full of products that even some of the experts don’t understand and—much like the $6.2 billion “London Whale” trading loss that took place at J.P. Morgan in 2012—sometimes complicated investments produce unexpected results. Many of the more complicated investment products are inappropriate for most retail or part-time investors, but that doesn’t mean that stocks and mutual funds are all that are available to you. At the end of 2017, more than $275 billion was held in the closed-end funds market, yet it is not well known by retail investors.