

# Nuveen Municipal Credit Opportunities Fund (NMCO)

Marketing communication | As of 31 Dec 2024

- The Fund underperformed the benchmark S&P Municipal Yield Index for the quarter.
- The municipal bond market ended 2024 on a weak note, declining along with the broader fixed income markets in the fourth quarter on sticky inflation readings and expectations for a slower pace of interest rate cuts in 2025. Yield rose across the municipal curve, but less so for high yield municipal bonds, which are less interest rate sensitive, causing credit spreads to compress.
- The Fund's leveraged duration positioning was the main driver of relative underperformance, although ratings exposures, sector allocations and credit selection were positive offsets.

## Portfolio review

While there were no material changes to the portfolio's positioning over the quarter, the Fund was an active investor. The Fund received a cash inflow this quarter from the settlement of the Fund's Vistra Vision private equity position (acquired in a restructuring). As part of Nuveen's agreement to sell its position in Vistra Vision to Vistra Corp., which closed in December 2024, the Fund received its first principal payment prior to the close of the quarter, which the Fund intends to

reinvest into municipal bonds. The Fund actively worked to invest its cash position at a time when prevailing yields were rapidly rising. The Fund continued to make diversified purchases, focusing on new issues in land secured and charter school bonds, while maintaining key conviction positions. The Fund also took advantage of secondary market opportunities during a period of elevated rate volatility in December.

## Contributors

The Fund's credit ratings allocations were favorable, particularly the overweight to below investment grade and non-rated bonds, which outperformed significantly as credit spreads tightened. From a sector standpoint, overweights to the outperforming transportation and land secured sectors were advantageous, as were underweights to the lagging industrial development revenue (IDR) sector.

Top contributing holdings included PREPA (Puerto Rico Electric Power Authority), Florida high-speed passenger rail Brightline, New Jersey shopping and entertainment center American Dream, and District of Columbia Tobacco Settlement bonds.

## Detractors

The Fund's longer duration positioning, including the strategic use of tender option bond leverage, detracted from relative performance given the interest rate volatility in the quarter.

The Fund was underweight in the health care sector, which detracted as the sector outperformed, although security selection within health care was a positive driver of performance.

Tobacco bonds were one of the weaker performing sectors, and the Fund's modest overweight in the sector weighed on relative performance despite favorable security selection in tobacco bonds.

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## Average annualized total returns (%)

	Inception date	QTD	1 year	3 years	5 years	Since inception
Share price	16 Sep 19	-7.37	13.67	-6.74	-1.82	-0.97
NAV	16 Sep 19	-1.38	8.37	-4.29	0.26	0.53

Performance data shown represents past performance and does not predict or guarantee future results. Current performance may be higher or lower than the data shown. NAV returns are net of fund expenses, and assume reinvestment of distributions.

## Distribution information

Current Distribution (Monthly)	\$0.0685
Average Earnings/Share	\$0.0373
Average Earnings/Distribution Ratio	54.39%
Average UNII Per Share	-\$0.3915
Distribution Rate on NAV	7.05%
Distribution Rate on Market Price	7.75%

Distribution sources may include net investment income, realized gains and return of capital. If a distribution includes anything other than net investment income, the Fund provides a notice of the best estimate of its distribution sources at that time which may be viewed at [nuveen.com/CEFDistributions](http://nuveen.com/CEFDistributions). These estimates may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year. You should not draw any conclusions about a fund's past or future investment performance from its current distribution rate.

## Credit quality (%)

	% of portfolio
U.S. Guaranteed	0.3%
AA	1.8%
A	8.4%
BBB	13.2%
BB	8.5%
B	4.4%
CCC	1.5%
CC	1.0%
Not Rated	60.9%

Ratings shown are the lowest rating given by one of the following national rating agencies: S&P, Moody's or Fitch. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC/CC/C and D are below-investment grade ratings. Holdings designated NR are not rated by these national rating agencies.

All characteristics as a percentage of the fund's managed assets (total assets of the fund, minus the sum of its accrued liabilities other than fund liabilities incurred for the express purpose of creating leverage). Holdings and ratings are subject to change. Totals may not add up to 100% due to rounding.

## Fund description

The Fund seeks to provide a high level of current income exempt from regular U.S. federal income tax and secondarily, total return. The Fund invests primarily in high yielding, low- to medium-quality municipal securities that, at the time of investment, are rated Baa/BBB or lower or, if unrated, are judged by the portfolio managers to be of comparable quality. No more than 30% of the Fund's managed assets will be in municipal securities rated CCC+/Caa1 or lower at the time of investment or unrated but judged to be of comparable quality. No more than 10% of the Fund's managed assets can be in defaulted securities or securities of issuers in bankruptcy or insolvency proceedings at the time of investment.

## Portfolio management

Nuveen Asset Management, LLC is the subadvisor to the Fund and an affiliate of Nuveen, LLC.

**For more information contact: 800.752.8700 or visit [nuveen.com](http://nuveen.com)**

### Important information on risk

Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee the Fund's investment objectives will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Lower credit debt securities** may be more likely to fail to make timely interest or principal payments. **Leverage** increases return volatility and magnifies the Fund's potential return and its risks; there is no guarantee a fund's leverage strategy will be successful. These and other risk considerations such as **inverse floater risk** and **tax risk** are described in more detail on the Fund's web page at [www.nuveen.com/NMCO](http://www.nuveen.com/NMCO).

**Average earnings per share** and **average undistributed net investment income (UNII) per share** are estimates, using an average of the last three months, except for preferred securities funds, mortgage-backed securities funds and floating rate funds, which use an average of the last six months.

**Distribution Rate** at market price and NAV is calculated by annualizing the most recent declared regular distribution and dividing by the fund's market price or NAV, respectively. Special distributions, including special capital gains distributions, are not included in the calculation.

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy, sell or hold a security or an investment strategy, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her financial professional.

### Glossary

The **S&P Municipal Yield Index Index** provides a measure of an investing strategy that allocates a specific percentage to bonds rated both above and below investment grade.

**It is not possible to invest directly in an index.**

Nuveen Securities, LLC, member FINRA and SIPC.