

Nuveen Municipal Credit Opportunities Fund (NMCO)

Marketing communication | As of 30 Jun 2025

- The Fund underperformed the benchmark S&P Municipal Yield Index for the quarter.
- Municipal bonds ended the second quarter with flat performance. Although the broader fixed income market recovered more quickly from the April tariff-related selloff, municipal bonds were under pressure from elevated supply issuance and concerns about tax policy risks. The municipal yield curve steepened sharply, as long-maturity yields rose while short-maturity yields fell, causing long-maturity municipal bonds to underperform. High yield municipal bonds, which lagged investment grade in the post-April recovery, had negative performance for the quarter.
- The Fund's longer duration and yield curve positioning, along with its overweight to below investment grade and non-rated bonds, were the main drivers of relative underperformance in the quarter. Sector allocations and individual credit selection, however, contributed positively to relative performance.

Portfolio review

The Fund continued to reinvest the proceeds from called and maturing bonds and coupon income, including a higher-than-usual cash flow from May 1 coupon payments. The Fund continued to take advantage of higher prevailing yields on offer to sell down lower book yield positions and buy higher

book yield positions, especially after April's elevated volatility. This rotation helped support the Fund's income generation capability. Overall there were no material changes to the Fund's positioning.

Contributors

Positive offsets to the relative underperformance included the Fund's overweight to land secured bonds, which performed strongly, and underweight to industrial development revenue, a sector that lagged.

Credit selection in land secured bonds was also favorable, particularly a new issue for The Stanley Hotel in Colorado bought at the peak volatility in April. Given the challenging conditions in April, the bond was attractively priced and appreciated meaningfully by quarter-end.

The Fund owned several distressed health care credits that saw prices increase in the quarter due to progress in their workout recoveries.

Detractors

The Fund's longer duration profile and its overweight to longer duration bonds detracted from relative performance.

Relative underperformance was further driven by the weak performance of below investment grade and non-rated bonds, where the Fund holds an overweight relative to the benchmark. These bonds were slower to recover from April's tariff-related selloff.

An overweight to the tobacco sector was disadvantageous as the sector underperformed in the quarter.

The weakest performing holdings this quarter included American Dream, whose pilot bonds fell in price in response to a surprising reduction in the project's valuation, and Brightline, which suffered acute selling pressure toward the end of the quarter.

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Average annualized total returns (%)

	Inception date	QTD	1 year	3 years	5 years	Since inception
Share price	16 Sep 19	2.26	4.83	1.98	3.99	-0.03
NAV	16 Sep 19	-2.92	-3.35	1.37	2.28	-0.07

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	\$0.0479
Average Earnings/Distribution Ratio	69.96%
Average UNII Per Share	-\$0.0412
Distribution Rate on NAV	7.55%
Distribution Rate on Market Price	7.66%

Distributions are currently estimated to include the following amounts from sources other than net investment income: 0% capital gains and 20% return of capital. If a distribution is estimated to include anything other than net investment income, the Fund provides a Section 19(a) notice of the best estimate of its distribution sources at that time which may be viewed at [nuveen.com/CEFDistributions](https://www.nuveen.com/CEFDistributions) or within the Fund's literature section under 19(a) notices. 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. The distribution rate should not be confused with yield or performance.

Credit quality (%)

	% of portfolio
U.S. Guaranteed	0.4%
AA	2.8%
A	7.7%
BBB	9.9%
BB	9.7%
B	4.6%
CCC	1.5%
CC	1.0%
Not Rated	62.5%

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 subadviser to the Fund and an affiliate of Nuveen, LLC.

For more information contact: 800.752.8700 or [visit nuveen.com](https://www.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.

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.