

Nuveen Municipal Credit Opportunities Fund (NMCO)

Marketing communication | As of 30 Sep 2024

- The Fund underperformed the benchmark S&P Municipal Yield Index for the quarter.
- High yield municipal bonds were positive performers in the quarter as high yield spreads tightened and interest rates fell in response to the start of the Federal Reserve's rate-cutting cycle.
- The Fund's relative underperformance was driven by an energy stock hedge position amid elevated price volatility in the energy sector and fluctuating valuations for Vistra Vision private equity (acquired during a restructuring), which was partially offset by the positive contribution of municipal bond holdings.

Portfolio review

There were no material changes to the portfolio's positioning over the quarter. The Fund worked to reinvest cash from called and maturing bonds and coupon income in new issues offering

high tax-exempt income and attractive spreads and in secondary market opportunities where pricing dislocations presented attractive relative value.

Contributors

Credit spread compression drove positive contributions to performance, which was evident across the portfolio's ratings, sector and credit exposures. As high yield bonds outperformed in the quarter, the Fund's overweights to below investment grade and non-rated bonds produced relative gains. From a sector perspective, the Fund's overweights to sectors that saw greater spread tightening, including land secured and transportation bonds, and underweights to areas that lagged, such as Puerto Rico credits, were positive contributors.

The top individual contributors included mega mall and entertainment complex American Dream, Florida high-speed rail system Brightline and distressed situation Tower Health, as well as several positions in Colorado land-secured projects and in health care. Tower Health's bond prices responded favorably to its successful debt restructuring and recapitalization during the quarter.

Detractors

The Fund's relative underperformance was almost entirely driven by an energy stock hedge position amid elevated price volatility in the energy sector and fluctuating valuations for Vistra Vision private equity (acquired during a restructuring). As part of Nuveen's agreement to sell its position in Vistra Vision to Vistra Corp. which is expected to close on 31 December 2024, the Fund will begin receiving payments over the next two years, which the Fund intends to reinvest into municipal bonds. Despite the recent short-term performance drag, the private equity position was a long-term positive contributor to total returns over the four years since the shares were acquired in the restructuring of its predecessor company.

The Fund held a short position in a basket of energy stocks to help manage risk against a potentially meaningful downturn in the equity position. With the Vistra Vision agreement in place, the Fund worked toward exiting the hedge position, but it detracted from performance late in the quarter.

Additionally, the Fund's exposure to Puerto Rico Electric Power Authority, known as PREPA, also detracted as bond prices have retraced from recent highs following a bondholder-friendly court ruling.

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Average annualized total returns (%)

	Inception date	QTD	1 year	3 years	5 years	Since inception
Share price	16 Sep 19	7.72	28.08	-2.79	-0.53	0.50
NAV	16 Sep 19	1.19	19.09	-2.97	0.79	0.84

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	\$0.0488
Average Earnings/Distribution Ratio	71.25%
Average UNII Per Share	-\$0.3116
Distribution Rate on NAV	6.83%
Distribution Rate on Market Price	7.04%

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. 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	2.3%
A	8.2%
BBB	12.4%
BB	10.1%
B	4.8%
CCC	1.1%
CC	1.0%
Not Rated	59.8%

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

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.