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A TIAA Company

Interval Fund | Municipal - National

Nuveen Enhanced High Yield Municipal Bond Fund

Marketing communication | As of 30 Jun 2026

Key takeaways

- The Fund outperformed the benchmark S&P Municipal Yield Index for the quarter.
- Against a backdrop of Treasury rate volatility driven by inflation concerns and geopolitical uncertainties during the quarter, municipal bonds performed well due to strong demand, a relatively steep yield curve and stable credit spreads.
- The Fund's duration and credit quality positioning drove relative outperformance while sector allocation showed mixed results and security selection was slightly negative.

Market review

Municipal market performance was positive in the second quarter, supported by strong investor demand and falling yields. The S&P Municipal Bond Index returned 2.25% in the quarter, and the below investment grade universe, as represented by the S&P Municipal Yield Index, returned 3.27%.

In the second quarter, the MMD-AAA 10-year municipal yield fell by 17 basis points (bps) to 2.95%, while the 3-year MMD yield fell by 4 bps and the 20-year yield fell by 34 bps. The decline in the 10-year yield resulted in a flatter 10/3s maturity spread (from +63 bps to +50 bps) and a flatter 20/10s spread (from +100 bps to +83 bps). However, the overall curve remains steep against historical averages with an improved asymmetric risk-return profile for investing in longer-duration bonds over the prior year.

The 10-year Treasury yield rose by +14 bps over the second quarter to 4.44%. The Municipal-to-Treasury yield ratios have historically been a barometer of relative value in the municipal market. We anticipate short Municipal-to-Treasury ratios will hover in the 60%-70% range to align with federal tax rates, whereas longer bond ratios will be closer to 90%, which may provide even more substantial after-tax yield for investors. While these ratios can indicate relative value, municipal call protection can allow investors to capture better relative value while maintaining duration protection.

New issuance totaled $299 billion year-to-date, 7.7% ahead of 2025's historically high pace. On the demand side, flows totaled nearly $50 billion in the first half of the year, a 150% increase year-over-year.

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Portfolio review

The Fund outperformed the benchmark S&P Municipal Yield Index for the quarter. Municipal bond performance was supported by strong investor demand during the quarter, which absorbed heavy supply issuance and compressed spreads. Despite bouts of Treasury rate volatility, municipal yields fell, with the greatest moves in maturities of 20 years and longer. The municipal yield curve flattened during the quarter but remained steep overall, enabling long duration bonds to post the strongest performance. The Fund's relative outperformance versus the benchmark was driven by its longer duration positioning and greater exposure to non-rated bonds, which more than offset mixed sector and security selection.

The Fund's longer duration positioning relative to the benchmark was advantageous as long-term municipal yields fell and long-duration bonds outperformed. Credit quality positioning was also favorable for the Fund, particularly the overweight to non-rated bonds, which benefited from the outperformance of high yield bonds over high grade bonds.

However, sector allocations had uneven performance contributions. Overweights to dedicated tax and charter schools, sectors that outperformed, and an underweight to the underperforming multi-family housing sector contributed positively to relative performance. Conversely, an overweight to incremental tax, which underperformed, and an underweight to industrial development revenue, which outperformed, were detractors from relative performance. Additionally, individual credit selection, in aggregate, had a slightly negative impact on relative returns.

Portfolio positioning

The Fund continued to take advantage of high levels of yield and wide credit spreads offered by the new issue market, while remaining highly selective in adding new positions. Importantly, the Fund's recent new issue purchases have been accretive to the Fund's yield.

Outlook

Municipal bonds demonstrated resilience in the first half of 2026, making meaningful progress toward a full recovery from 2025's underperformance versus taxable fixed income. The municipal rally has further to run, in our view, given strong investor demand, attractive absolute tax-equivalent yields and the steep yield curve. Low money market rates and cash still on the sidelines may bode well for continued rotation into higher-yielding investments such as municipal bonds, which can offer an attractive yield pickup, particularly in longer maturities. We continue to anticipate increasing divergence across sectors driven by federal policy changes, which could present selective opportunities to add value through disciplined security selection and rigorous credit research.

For the Fund, we continue to expect opportunities to invest in the high levels of yield on offer in the new issue market, as Nuveen's credit research team continues to deliver a consistent flow of attractive deals. We expect yield return to be the primary driver of total returns until a more prolonged recovery in interest rate volatility materializes.

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For more information visit nuveen.com

Important information on risk

Investing in interval funds involves risk; principal loss is possible. There is no guarantee the Fund's investment objectives will be achieved. Debt or fixed income securities such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, call risk, tax risk, political and economic risk, and income risk. As interest rates rise, bond prices fall. Credit risk refers to an issuers ability to make interest and principal payments when due. The Fund concentrates in non-investment grade and unrated bonds, as well as special situations municipal securities, with long maturities and durations which carry heightened credit risk, liquidity risk, and potential for default. In addition, the Fund oftentimes utilizes a significant amount of leverage and in doing so, assumes a high level of risk in pursuit of its objectives. Leverage involves the risk that the Fund could lose more than its original investment and also increases the Fund's exposure to volatility, interest rate risk and credit risk. An interval fund is a diversified, closed-end management investment company that continuously offers its common shares. An interval fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the fund will achieve its investment objectives. An interval fund's performance and the value of its investments will vary in response to changes in interest rates, inflation, the financial condition of a security's issuer, ratings on a security, perceptions of the issuer, and other market factors. Common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of fund dividends and distributions. These and other risk considerations are described in more detail on the Fund's web page at www.nuveen.com/HYIF.

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 advisors.

Certain information was obtained from third party sources, which we believe to be reliable but not guaranteed for accuracy or completeness. Clients should consult their financial professionals regarding any unknown terms or concepts.

Glossary

Average effective maturity is the weighted average of the effective maturity dates of the fixed-income securities in the Fund's holdings. A bond's effective maturity takes into account the possibility that it may be called by the issuer before its stated maturity date. In this case, the bond trades as though it had a shorter maturity than its stated maturity. **Leverage adjusted effective duration** is the Fund's average effective duration adjusted for the impact of the Fund's utilization of leverage in the form of senior securities as defined by Section 18 of the Investment Company Act of 1940. Funds that utilize leverage in the form of senior securities will have a leverage adjusted effective duration that is longer than its baseline effective duration. **Leverage** is created whenever a fund has investment exposure (both reward and/or risk) equivalent to more than 100% of the investment capital. **Yield curve** is a graph or "curve" that depicts the yields of bonds of varying maturities, from short-term to long-term. The graph shows the relationship between short-and long-term interest rates. Long-term rates are typically higher than shortterm rates. When short-term rates are higher than long term rates, this is called an "inverted" yield curve. **S&P Municipal Yield Index** is structured so that 70% of the market value of the index consists of bonds that are either not rated or are rated below investment grade, 20% are rated BBB/Baa, and 10% are rated single A. **It is not possible to invest directly in an index.**

Before investing, carefully consider fund investment objectives, risks, charges and expenses. For this and other information that should be read carefully,please request a prospectus, and if available, a summary prospectus, from your financial professional or Nuveen at 800.257.8787 or visit nuveen.com.

The Fund features portfolio management by Nuveen Asset Management, LLC, an affiliate of Nuveen, LLC. Nuveen Securities, LLC, member FINRA and SIPC.