

Nuveen Variable Rate Preferred & Income Fund (NPFDF)

Marketing communication | As of 31 Dec 2024

- The Fund underperformed the NPFDF Blended Benchmark (the benchmark) during the quarter.
- Contributors included security selection in the energy, finance company, consumer cyclical, and consumer non-cyclical sectors.
- Detractors included a longer leverage-adjusted effective duration versus the benchmark and security selection in recently issued deals.

Portfolio review

The quarter was relatively void of headlines specific to the preferred securities market. For the bank sector, the largest issuer of preferreds, news was generally positive. Banks released third-quarter 2024 earnings that, on average, exceeded expectations, a trend that has now spanned several quarters. In June, the Federal Reserve (Fed) released annual stress test results with all 31 participating banks passing this year's exam, and collectively holding almost \$600 billion of excess capital. While the incoming Trump administration stated a desire to scale back bank regulations, the changes are unlikely to alter the sector's underlying fundamental story.

The preferred securities market was more affected by the Fed, which cut rates by 25 basis points twice but surprised markets with a lower forecast for rate cuts in 2025. As consumers

remained resilient, progress on inflation slowed, and election results pointed to future potential pricing pressures, Treasury yields rose sharply and the yield curve steepened. With the backdrop of materially higher rates, the \$25 par preferred segment outperformed, primarily due to its much shorter duration. The \$25 par preferred segment of the benchmark returned 2.02% for the quarter, well above the 0.80% and 0.22% returns of the \$1000 par preferred segment and the U.S. dollar-denominated contingent capital securities (USD CoCo) segment, respectively.

The Fund's leverage-adjusted effective duration ended the quarter at around 4.6 years, longer than approximately 2.6 years for the benchmark's duration.

Contributors

While security selection in aggregate was a modest detractor, the Fund benefited from favorable selection within the energy, finance company, consumer cyclical, and consumer non-cyclical sectors due to various security specific factors.

Detractors

The Fund's longer leverage-adjusted effective duration, which increases its rate sensitivity, detracted from relative performance as interest rates moved higher during the quarter across the U.S. Treasury yield curve.

Security selection was an overall detractor during the quarter as recently issued deals, which are also longer duration than more seasoned deals, underperformed securities that are callable within a year. As rates rose, investor interest increased in securities callable in the near term with non-fixed-rate coupon structures because they are viewed as more defensive in a higher-for-longer rate environment.

Nuveen Variable Rate Preferred & Income Fund (NPFDD)

As of 31 Dec 2024

Average annualized total returns (%)

	Inception date	QTD	1 year	3 years	Since inception
Share price	15 Dec 21	-1.15	23.34	-3.05	-2.56
NAV	15 Dec 21	-0.53	12.31	-0.34	-0.27

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)	\$0.1675
Average Earnings/Share	\$0.0879
Average Earnings/Distribution Ratio	52.48%
Average UNII Per Share	-\$0.3603
Distribution Rate on NAV	10.03%
Distribution Rate on Market Price	11.03%

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
AAA	0.0%
AA	0.0%
A	8.1%
BBB	65.8%
BB	23.5%
B	0.0%
NR	1.9%
Cash and Equivalents	0.8%

Ratings shown are the highest rating given by one of the following national rating agencies: S&P, Moody's, Fitch, DBRS or AM Best. 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 and, where applicable, include net derivative positions.

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.

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. **Preferred securities** are subordinated to bonds and other debt instruments in a company's capital structure, and therefore are subject to greater credit risk. **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. Certain types of preferred, hybrid or debt securities with special loss absorption provisions, such as **contingent capital securities** (CoCos), may be or become so subordinated that they present risks equivalent to, or in some cases even greater than, the same company's common stock. These loss absorption features work to the benefit of the security issuer, not the investor (this fund). These and other risk considerations, including the Fund's **limited term** and **concentration risk**, are described in more detail in the Shareholder Update section of the Fund's annual report at www.nuveen.com/NPFDD-annual-report.

Fund description

The Fund seeks to provide a high level of current income and total return by investing in primarily investment grade, variable rate preferred securities and other variable rate income-producing securities from high quality, highly regulated companies such as banks, utilities and insurance companies. All, or almost all, of the Fund's distributions of net investment income are expected to be treated as qualified dividend income (QDI) which is generally taxed at a lower rate than interest and ordinary dividend income, assuming holding period and certain other requirements are met.

The Fund may invest up to 20% of Managed Assets in contingent capital securities or contingent convertible securities (CoCos) and up to 15% in companies located in emerging market countries but will only invest in U.S. dollar denominated securities. More than 25% of Managed Assets will be invested in securities of companies in the financial services sector.

Portfolio management

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

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 **NPFDD Blended Benchmark** consists of 80% ICE Variable Rate Preferred & Hybrid Securities Index and 20% ICE USD Contingent Capital Index. The **ICE Variable Rate Preferred & Hybrid Securities Index** is designed to measure the performance of floating- and variable-rate investment grade and below investment grade USD-denominated preferred stock and hybrid debt publicly issued by corporations in the U.S. domestic market. The **ICE USD Contingent Capital Index (CDLR)** is designed to track the performance of USD-denominated contingent capital debt publicly issued in the major domestic and Eurobond markets, including investment grade and below investment grade issues. **It is not possible to invest directly in an index.**

Nuveen Securities, LLC, member FINRA and SIPC.