

Preferred Securities

Marketing communication | As of 30 Sep 2024

Strategy description

Preferred Securities seeks to generate current income and total return by investing in exchange-traded \$25 par preferred securities.

At-a-glance

Benchmark	ICE BofA Core Plus Fixed Rate Preferred Securities Index
Portfolio composition	<ul style="list-style-type: none"> \$25 par value securities Typically 50-80 securities
Duration	Intermediate term
Quality	Investment grade (at time of purchase)
Account minimum	\$100,000

Investment process

Nuveen seeks to optimize value primarily through a top-down, quantitative driven process focusing on relative value between industry sectors, while also incorporating bottom-up fundamental credit research analysis. We focus on stable and improving credits that offer a potential for attractive income and total return.

Average annualized total returns (%)

	Inception date	QTD	YTD	1 year	3 years	5 years	10 years	Since inception
Gross	01 Jun 08	5.89	10.14	14.68	1.97	3.52	5.12	5.89
Net	01 Jun 08	5.57	9.12	13.27	0.71	2.24	3.82	4.58
Benchmark		8.31	12.53	19.75	-0.54	1.92	4.26	3.80

Performance data shown represents past performance and does not predict or guarantee future results. Performance shown is based on the composite. The value of the portfolio will fluctuate based on the value of the underlying securities. Individual returns may vary based on factors such as the account type, market value, cash flows and fees. Current performance is preliminary and may be higher or lower than the performance shown. Final numbers are available upon request. Total returns for a period of less than one year are cumulative.

Portfolio management

Douglas M. Baker, CFA | 28 years industry experience

Brenda A. Langenfeld, CFA | 20 years industry experience

Portfolio statistics

	Portfolio	Benchmark
Duration (years)	5.14	6.77
Yield to worst (%)	5.00	5.33

Credit quality (%)

	Portfolio	Benchmark
A	18.2	18.0
BBB	76.6	68.9
BB	2.5	10.7
B or lower	0.0	2.4
Cash and equivalents	2.7	0.0

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. Bonds backed by U.S. Government or agency securities are given an implied rating equal to the rating of such securities. Holdings designated NR are not rated by these national rating agencies.

Sector allocation (%)

	Portfolio	Benchmark
Banks	47.6	44.3
Insurance	31.9	19.1
Diversified Finan Serv	4.7	7.4
Utility	8.3	11.3
Industrial	1.9	10.7
REITs	2.8	7.3
Cash and Equivalents	2.7	0.0

Issuer domicile (%)

	Portfolio	Benchmark
U.S.	99.5	96.2
Non-U.S.	0.5	3.8

Coupon structure (%)

	Portfolio	Benchmark
Fixed-rate	68.9	89.7
Fixed-to-variable	22.8	10.3
Floating Rate	5.6	0.0

Preferred Securities

Year	Calendar year total return (net of fees) (%)	Calendar year total return ("pure" gross of fees) (%)*	Benchmark return (%)	Composite 3-year standard deviation (%)	Benchmark 3-year standard deviation (%)	Number of accounts	Composite internal dispersion (%)	% Non fee paying portfolios	Composite assets at period end (\$ millions)	Firm assets at period end (\$ billions)
2023	7.71	9.06	9.62	9.93	14.49	1,752	0.42	0	372.0	237.6
2022	-13.23	-12.13	-20.71	10.25	13.01	1,352	0.76	0	282.7	247.0
2021	1.83	3.11	3.27	8.56	10.23	1,115	0.10	0	285.0	296.1
2020	6.59	7.93	7.38	8.45	9.32	663	0.24	0	191.2	239.7
2019	14.58	16.01	17.01	4.64	4.67	479	0.15	0	122.9	209.1
2018	-4.29	-3.08	-4.34	5.39	4.21	336	0.13	0	67.2	176.2
2017	8.79	10.15	10.58	5.13	3.80	331	0.12	0	69.0	174.0
2016	-0.24	1.01	1.77	5.11	4.35	273	0.06	0	51.6	155.4
2015	7.67	9.01	7.58	4.18	4.62	102	0.12	5	20.1	140.7
2014	13.24	14.65	15.44	5.35	5.00	27	0.08	15	5.2	134.6

Effective 01 Oct 2019, the composite benchmark was changed to the ICE BofA Core Plus Fixed Rate Preferred Securities Index. Prior to 01 Oct 2019, the composite was benchmarked against the unmanaged ICE BofA Fixed Rate Preferred Securities Index.

* "Pure" gross-of-fees returns are supplemental to net returns.

- Nuveen Asset Management, LLC ("NAM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Nuveen Asset Management has been independently verified for the periods 01 Jan 1993 through 31 Dec 2021. The verification reports are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.
- Nuveen Asset Management, LLC ("NAM") is a registered investment adviser under the Investment Advisers Act of 1940, as amended, and a subsidiary of Nuveen, LLC. Registration does not imply a certain level of skill or training. For the purposes of compliance with the Global Investment Performance Standards (GIPS®), the firm is defined as Nuveen Asset Management, LLC. NAM provides investment management services to a broad range of clients on a discretionary basis or non-discretionary basis. NAM offers its services either directly to clients (fee-based "direct-advisory" accounts, fee-based "institutional" accounts and "commission-based" accounts) or through broker-dealer and other financial intermediary programs (fee-based "advisor-sponsored" accounts).
- Prior to 01 Jan 2011 the firm was defined as Nuveen Asset Management for GIPS purposes. The firm was redefined to encompass the investment management activities of a new investment adviser, NAM. NAM is the successor firm to (1) the portfolio management business of Nuveen Asset Management and (2) the long-term asset management of FAF Advisors, Inc. following an internal reorganization of Nuveen Asset Management and Nuveen Investments, Inc.'s acquisition of the long-term asset management of FAF Advisors, Inc. from U.S. Bank effective on 31 Dec 2010. NAM has complied with the portability requirements of GIPS. Effective 31 Dec 2020, Symphony Asset Management, LLC merged into NAM.
- To receive a list of composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution pooled funds, please contact the GIPS Compliance Team at DL_PerfTeam@tiaa.org.
- Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.
- For direct-advisory institutional accounts, returns on a gross-of-fees basis include the deduction of trading commissions and other transaction costs but not investment management fees; returns on a net-of-fees basis do include the deduction of investment management fees. For direct-advisory fee-in-lieu accounts and advisor-sponsored accounts, returns on a "pure" gross-of-fees basis do not include the deduction of trading commissions, other transaction costs or fees and is presented as supplemental information; returns on a net-of-fees basis do include the deduction of fees and certain other expenses in the form of a bundled fee.
- All returns represent the reinvestment of income.
- The composite internal dispersion is the asset-weighted standard deviation of pure gross annual returns for portfolios in the composite the entire year. The number of accounts represents the number in the composite at year end. Composite dispersion is reported as N/A when information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
- The composite consists of fully discretionary, fee-paying advisor sponsored accounts managed according to NAM's Preferred Securities Strategy. The strategy seeks to generate current income and total return by investing in exchange-traded preferred securities, focusing on the '\$25 Par' sector of the hybrid preferred securities market.
- The composite inception date is 01 Jun 2008; the composite creation date is September 2008.
- The composite performance has been achieved at Nuveen Asset Management.
- Effective 01 Oct 2019, the composite benchmark was changed to the ICE BofA Core Plus Fixed Rate Preferred Securities Index to more accurately represent the strategy. The ICE BofA Core Plus Fixed Rate Preferred Index tracks the performance of fixed rate US dollar denominated preferred securities issued in the US domestic market. Qualifying securities must be rated at least B3 and must have an investment grade rated country of risk. Prior to 01 Oct 2019, the composite was benchmarked against the unmanaged ICE BofA Fixed Rate Preferred Securities. The ICE BofA Fixed Rate Preferred Securities Index tracks the performance of fixed rate U.S. dollar denominated preferred securities issued in the U.S. domestic market. Benchmark returns are not covered by the report of independent verifiers.
- The composite net-of-fees returns are calculated by deducting 1/12th of a model fee of 1.25%, which NAM reasonably believes is the maximum applicable fee, from the monthly "pure" gross-of-fee returns.
- Results are calculated in U.S. dollars.
- The Preferred Securities composite invests in domestic and non-U.S. domiciled issuers, returns are net of all foreign non-reclaimable withholding taxes. Reclaimable withholding taxes are recognized when accrued.
- The three-year annualized standard deviation measures the variability of the composite and the benchmark over the preceding 36-month period and is calculated using gross returns.
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Minimum investment is \$100,000.

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