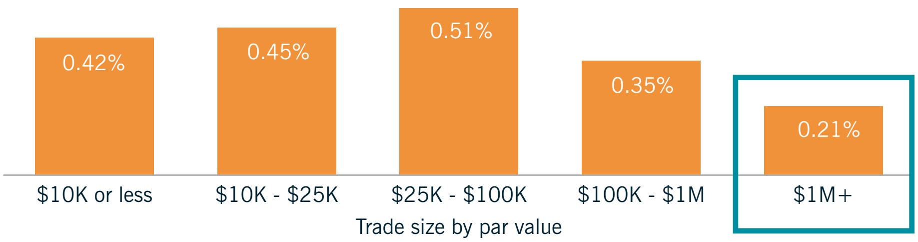
nuveen
A TIAA Company

MUNICIPAL FIXED INCOME RESEARCH 2026

Smaller trades are at a pricing disadvantage

Institutional investors enjoy lower trading costs

Average effective spreads for municipal customer trades (01 Jan 2025 – 31 Dec 2025)



Trading costs vary significantly by transaction size. Trades over $1 million par value average 0.21% ($2.10 per $1,000 par), while trades under $100,000 cost 0.42% to 0.51% ($4.20-$5.10 per $1,000 par).

Over the past 15 years, the transaction cost gap between odd-lot and block-sized trades has narrowed substantially. This trend aligns with several developments in the municipal securities market: the growing use of institutional channels, such as separately managed accounts, for smaller trades; technological advances that made odd-lot execution more cost-efficient; regulatory reforms that increased transparency (e.g., MSRB Rule G-15 and FINRA Rule 2232); and rising trading volumes industry-wide.

Nevertheless, the fundamental relationship persists: Larger trades consistently benefit from narrower spreads.

The U.S. municipal bond market is institutionally dominated and trades over the counter, with prices negotiated directly between investors and dealers rather than via a centralized exchange. Larger blocks and institutionally focused trades typically incur lower trading costs than smaller, retail-oriented trades.

Data source: Municipal Securities Rulemaking Board (MSRB) with data obtained from MSRB's RTRS, August 2025. Most recent data available. Effective spread is calculated daily for each fixed-rate municipal bond as the difference between the volume-weighted average dealer-to-customer buy price and sell price (requiring at least one customer purchase and one customer sale on that day), expressed as a percentage of the midpoint of those two prices, and then averaged in basis points across all eligible bonds using equal weighting. For more information on the methodology, please visit msrb.org. The data are provided without representations or warranties and on an "as is" basis. The MSRB hereby disclaims all representations and warranties (express or implied), including, but not limited to, warranties of merchantability, non-infringement and fitness for a particular purpose. Neither the MSRB nor any supplier of data to the MSRB shall in any way be liable to any recipient or user of the data, regardless of the cause or duration, including, but not limited to, any inaccuracies, errors, omissions or other defects in the data or for any damages resulting therefrom. The MSRB has no obligation to update, modify or amend data herein or to provide notice to any person if any is inaccurate or incomplete. Data were prepared for general informational purposes only, and it is not intended to provide, and does not constitute, investment, tax, business, legal or other advice. Provision of the data by the MSRB to a firm, organization or other entity ("Recipient") does not constitute and should not be interpreted as an endorsement of Recipient or Recipient's product or services. The MSRB is not affiliated with, nor does it sponsor, Recipient. The MSRB does not review, approve or have any responsibility for use of the data by Recipient, including, but not limited to, in research or other material or content prepared by or on behalf of Recipient.

Data are based on past performance, which is no guarantee of future results. Other methods may produce different results and the results for the individual portfolios and for different periods may vary. Institutional trade execution applies primarily to municipal bond trading as part of ongoing account management and generally does not include sales of legacy securities contributed to new or existing accounts or in connection with termination and liquidation instructions. See next page for more information.

Leading the way in municipal bonds

Nuveen is built on a 125+ year history of municipal bond investing, seeking to deliver durable, tax-efficient income for today and tomorrow through specialized credit research and customized solutions.[1]

Stability through market cycles

Since 1898, Nuveen has been committed to providing reliable and durable income for investors

Access and client experience

Clients gain direct access to our investment leaders and teams powered by one of the largest platforms for tax-aware customizes solutions

Research advantage

Specialized credit sector analysts research nearly every bond that comes to market, identifying opportunities and risks others might miss

What we offer clients:

Steady income to help maximize the tax burden

Trusted partnership focused on optimizing after-tax outcomes

Credit analysis that can contribute to attractive risk-adjusted returns

It's not what you earn, it's what you keep.®

Why Nuveen for municipals

We focus on after-tax outcomes to help create long-term value for clients through our approach to sourcing municipal bonds, building customized solutions and actively trading portfolios.

Maximizing tax-exempt income

Portfolio managers proactively perform year-round tax loss harvesting in an effort to enhance tax-exempt income, and results are tracked through transparent tax alpha reporting.

Active trading discipline

Access to exclusive supply and liquidity enables active trading that can provide an advantage, particularly during times of market stress. Institutional-level trade execution translates into lower trading costs and the potential for stronger total returns.

Customized solutions at scale

A full suite of tax-aware solutions – tailored SMAs, industry-leading state customization options and a range of investment vehicles – are designed to address clients' objectives.

Enduring partnerships

A high-touch service model connects clients with a dedicated team of investment professionals for initial discovery, portfolio transition and ongoing consultations.

Smaller trades are at a pricing disadvantage

For more information, please visit nuveen.com.

Endnotes

Sources

1 Nuveen traces its history to 1898 when the company began underwriting municipal bonds, and TIAA was founded in 1918.

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The views and opinions expressed are for informational and educational purposes only as of the date of production/writing and may change without notice at any time based on numerous factors, such as market or other conditions, legal and regulatory developments, additional risks and uncertainties and may not come to pass. This material may contain "forward-looking" information that is not purely historical in nature. Such information may include, among other things, projections, forecasts, estimates of market returns, and proposed or expected portfolio composition. Any changes to assumptions that may have been made in preparing this material could have a material impact on the information presented herein by way of example. **Performance data shown represents past performance and does not predict or guarantee future results.** Investing involves risk; principal loss is possible.

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Important information on risk

Investing involves risk; principal loss is possible. Investing in municipal bonds involves risks such as interest rate risk, credit risk and market risk. The value of the portfolio will fluctuate based on the value of the underlying securities. There are special risks associated with investments in high yield bonds, hedging activities and the potential use of leverage. Portfolios that include lower rated municipal bonds, commonly referred to as "high yield" or "junk" bonds, which are considered to be speculative, the credit and investment risk is heightened for the portfolio. Bond insurance guarantees only the payment of principal and interest on the bond when due, and not the value of the bonds themselves, which will fluctuate with the bond market and the financial success of the issuer and the insurer. No representation is made as to an insurer's ability to meet their commitments. This information should not replace an investor's consultation with a financial professional regarding their tax situation. Nuveen is not a tax advisor. Investors should contact a tax advisor regarding the appropriateness of tax-exempt investments in their portfolio. If sold prior to maturity, municipal securities are subject to gain/losses based on the level of interest rates, market conditions and the credit quality of the issuer. Income may be subject to the alternative minimum tax (AMT) and/or state and local taxes, based on the state of residence. Income from municipal bonds held by a portfolio could be declared taxable because of unfavorable changes in tax laws, adverse interpretations by the Internal Revenue Service or state tax authorities, or noncompliant conduct of a bond issuer. It is important to review your investment objectives, risk tolerance and liquidity needs before choosing an investment style or manager.

Institutional trade execution applies primarily to municipal bond trading as part of ongoing account management and generally does not include sales of legacy securities contributed to new or existing accounts or in connection with termination and liquidation instructions. Nuveen seeks to expeditiously and efficiently effect sales of legacy securities contributed to new or existing accounts or in connection with termination and liquidation instructions, generally by directing the execution of sale to the relevant broker-dealer/custodian designated by the client's managed account program, subject to program limitations. Primarily due to the time constraints and lot sizes applicable to these transactions, and because the full range of trading techniques is generally not available (including aggregation), the prices received in these transactions may be less favorable than the prices that could be attained for sales of securities selected as part of ongoing management. Clients always reserve the right to fund accounts with cash as opposed to legacy securities and to keep any securities in their accounts upon termination of services.

Nuveen, LLC provides investment solutions through its investment specialists.

This information does not constitute investment research as defined under MiFID.

OPINION PIECE. PLEASE SEE IMPORTANT DISCLOSURES IN THE ENDNOTES.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE

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