

Flexible Income

Marketing communication | As of 30 Sep 2024

Strategy description

Flexible Income seeks to provide high current income and positive risk-adjusted capital appreciation by investing in corporate securities across the capital structure based on the team's assessment of relative value and risk.

At-a-glance

Benchmark	Bloomberg U.S. Aggregate Bond Index
Invests primarily across	Income producing securities across the corporate capital structure: <ul style="list-style-type: none"> • Corporate Bonds (Investment grade and high yield) • Convertibles • Preferred securities • Equities
Number of positions range	~70
Maximum issuer size	5%
Income target (%)	4.0 - 6.0
Key restrictions	<ul style="list-style-type: none"> • Income-paying securities at least 80% • Equities 0% - 35% • Fixed Income 65% - 100% • Maximum 50% non-U.S. companies (USD) • 0% in securities rated below B at time of purchase

Investment process

Bottom-up, fundamental research seeks to uncover relative value and income opportunities. By looking across an identified company's capital structure, the team selects what they believe is the optimal security where the combination of seniority, yield, and total-return potential offers the greatest opportunity. This approach underscores three key tenets: attractive valuation, identifying catalysts and inflection points, and favorable risk/reward.

An emphasis on risk management and a concerted focus is given to:

- Downside protection
- Balance sheet strength
- Security and portfolio level liquidity

Average annualized total returns (%)

	Inception date	QTD	YTD	1 year	Since inception
Gross	31 Dec 21	4.36	7.11	15.18	0.48
Net	31 Dec 21	4.04	6.12	13.76	-0.76
Benchmark		5.20	4.45	11.57	-1.52

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

Susi Budiman, CFA, FRM | 24 years industry experience

Thomas J. Ray, CFA | 33 years industry experience

Steve T. Peña | 23 years industry experience

Portfolio statistics

	Portfolio
Total Strategy Assets (\$M)	\$169.3
Number of issues	82
Effective Duration	4.36
Yield to worst (%)	4.72
Current Yield (%)	5.03
Avg Credit Quality (issue)	BBB

Credit quality (%)

	Portfolio
AAA	3.8
BBB	73.7
BB	20.8
NR	1.7

Portfolio allocation (%)

	Portfolio
Non-Investment Grade Bonds	14.2
Investment Grade Bonds	32.2
Preferred Stock	26.6
Convertibles	3.0
Common Stock	21.2
Cash	2.9

Top 10 sector allocation (%)

	Portfolio
Banking	15.4
Technology & Electronics	11.3
Utilities	9.9
Automotive	5.4
Basic Industry	6.4
Insurance	5.8
Healthcare	6.2
Capital Goods	7.5
Energy	5.9
Specialty Finance	5.3

Data source: Bloomberg Finance L.P. All characteristics represent data for the underlying securities of a representative account deemed appropriate by Nuveen. Specific securities described do not represent all of the securities purchased, sold or recommended over the past year and you should not assume that securities identified were or will be profitable. Individual accounts may vary due to restrictions, substitutions and other Strategy. Composite assets may not reflect total strategy assets due to client restrictions, portfolio size, or other exclusionary reasons. Characteristics shown are subject to change and may not equal 100% due to rounding. The Average Credit Quality ("ACQ") shown above is based on ratings from NRSROs. Split rated securities receive the highest rating. ACQ is calculated using statistical tools and the most current ratings available from third-party sources on all securities, but no guarantees are made with respect to their accuracy or completeness. Securities not rated by a NRSRO are identified as non-rated, and are not included in the ACQ calculation. A portfolio's individual holdings, the ratings of these holdings, and the ACQ of a portfolio may change over time.

Flexible Income SMA-Wrap

Year	Calendar year total return (net of fees) (%)	Calendar year total return ("pure" gross of fees) (%)*	Benchmark return (%)	Secondary benchmark return (%)	Composite 3-year standard deviation (%)	Primary benchmark 3-year standard deviation (%)	Secondary benchmark 3-year standard deviation (%)	Number of accounts	Composite internal dispersion (%)	Composite assets at period end (\$ millions)	Firm assets at period end (\$ billions)
2023	7.81	9.16	5.53	10.21	NA	NA	NA	433	0.3	179.8	237.6
2022	-14.41	-13.32	-13.01	-14.60	N/A	N/A	N/A	480	0.3	182.3	247.0

Current primary benchmark Bloomberg U.S. Aggregate Bond Index and secondary benchmark 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.
- Effective as of December 31, 2021, the investment teams and strategies of NWQ Investment Management Company, LLC (NWQ) and Santa Barbara Asset Management, LLC are now part of affiliate, NAM, pursuant to an internal reorganization.
- 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 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 Flexible Income strategy. Accounts in the composite use an approach which seeks to provide high current income and total return by investing in preferred securities and non-preferred assets composed of common stocks, open-end and closed-end investment companies including exchange traded funds, and other fixed income securities. A portion of the portfolio may be invested in securities that are rated below investment grade. These securities generally carry a rating of B or better by a major bond rating agency. Accounts in the composite may employ leverage and write covered call options to generate additional income. The composite was created in January 2022.
- The composite inception date is 01 Jan 2022.
- The composite performance has been achieved at Nuveen Asset Management.
- The composite is primarily benchmarked against the Bloomberg U.S. Aggregate Bond Index. The Bloomberg U.S. Aggregate Bond Index covers the USD-denominated investment-grade, fixed-rate, taxable bond market of SEC registered securities and includes bonds from the Treasury, Government-Related, Corporate, MBS, ABS, and CMBS sectors. 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. Qualifying securities must be rated investment grade (based on an average of Moody's, S&P, and Fitch credit ratings) and must have an investment grade rated country of risk (based on an average of Moody's, S&P, and Fitch foreign currency long term sovereign debt ratings). Index returns are provided to represent the investment environment during the time periods shown. For comparison purposes, index returns do not reflect transaction costs, investment management fees or other fees and expenses that would reduce performance in an actual account. It is not possible to invest in an index. 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 three-year annualized standard deviation measures the variability of the composite and the benchmark over the preceding 36-month period and is calculated using pure gross returns.
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Minimum investment is \$250,000.

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