

Nuveen Real Estate Income Fund (JRS)

Marketing communication | As of 30 Jun 2022

The Fund underperformed the JRS Blended Benchmark (60% WILRESI and 40% FTSE Nareit Preferred Stock Index) for the quarter.

Along with broader U.S. equity markets, U.S. REIT common equities accelerated their swoon in the second quarter in the context of accelerating inflation, soaring energy costs, rising interest rates and elevated geopolitical tensions.

Rising long term interest rates along with widening spreads were the primary factor in the significantly negative performance of REIT senior securities during the quarter, including unsecured bonds and perpetual preferred equity.

Portfolio review

For REIT common equity investors in the second quarter, there was significant performance dispersion by property type and by company as investors began to seriously assess the implications of accelerating inflation, soaring energy costs, and increasing interest rates. Mounting evidence of an economic slowdown in conjunction with more fragile financing markets appeared to be foremost on investors' minds during the quarter. This investor concern was most evident in the lower pricing of the office and retail segments. The Fund's allocation to equity was decreased to 67.8% (from 69.0%) by the end of the quarter and the preferred allocation increased, ending the quarter at 29.3%. The change in allocation was primarily due to the disparate performance of equities versus preferreds.

CONTRIBUTORS

An overweight in the manufactured homes sector and outperformance from hotel company Vici Properties contributed to common equity benchmark-relative results. Stronger relative performance from the manufactured home companies related to both the single-family rental segment as well as the traditional manufactured home companies. Both segments present an attractive profile to investors amid rising interest rates and higher inflation, notwithstanding select concerns surrounding the impact of higher gas prices on RV demand and the risk of government intervention in response to large single-family rent increases. Notably, rising mortgage rates are impacting the affordability of for-sale housing, generating a strong tailwind for these rental housing alternatives. Additionally, their short 12-month length of lease provides for a dynamic response to increasing inflation.

DETRACTORS

Relative underperformance was driven by industrial company LXP Industrial Trust, regional mall company Macerich and office company Douglas Emmett. LXP announced they were not for sale after bids for their industrial portfolio declined in an increasingly costly financing environment. The team reallocated exposure in LXP to Prologis which is the premier platform in a fundamentally strong industry. Mall companies, dominated by large-cap Simon Property, surged in 2021. Of late, investors are wary of emerging pressure on consumer budgets from the surge in energy costs and inflation, as well as the impact on the mall companies of higher borrowing costs and increasingly cautious lenders. Macerich was impacted by the selloff. Investors continue to wrestle with uncertainty surrounding future demand for office space as employers embrace a work-from-home/anywhere approach. Accordingly, investors continue to adjust their expectations for growth and risk for the office companies, particularly in high-cost, high density, public transit oriented markets like New York and San Francisco, as well as for older assets, which are challenged in a world demanding efficient and green properties. The team focused on newer office sector holdings, including Kilroy Properties, but this did not insulate the Fund during the selloff, especially the Fund's exposure to Douglas Emmett.

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Average annualized total returns (%)

	Inception date	QTD	1 year	3 years	5 years	10 years	Since inception
Share price	15 Nov 01	-18.64	-8.93	4.50	4.63	7.22	7.36
NAV	15 Nov 01	-22.20	-12.69	2.47	4.25	7.11	7.21

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.

Historical distribution sources have included net investment income, realized gains and return of capital.

Fund description

The Fund's investment objective is high current income and capital appreciation.

The Fund invests primarily in income-producing common stocks, preferred stocks, convertible preferred stocks and debt securities issued by real estate companies. At least 75% of the Fund's managed assets will be in securities rated investment grade. The Fund uses leverage.

Portfolio management

Security Capital Research & Management Incorporated (SC-R&M) is a subadviser to the Fund and is not an affiliate of Nuveen, LLC.

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. **Real estate investments** may suffer due to economic downturns and changes in commercial real estate values, rents, property taxes, interest rates and tax laws. The Fund's **concentration** in real estate may involve greater risk and volatility than more diversified investments. Prices of **equity securities** may decline significantly over short or extended periods of time. **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. **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. For these and other risks such as **preferred securities** risk, see the Fund's web page at www.nuveen.com/JRS

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Glossary

The **FTSE Nareit Preferred Stock Index** is designed to track the performance of the U.S. REITs preferred stocks. The **Wilshire U.S. Real Estate Securities Index ("WILRESI")** measures U.S. publicly traded real estate securities. **It is not possible to invest directly in an index.**

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