nuveen
A TIAA Company

Interval Fund

Municipal - National

Nuveen Enhanced High Yield Municipal Bond Fund

Marketing communication | As of 30 Jun 2025

- **The Fund underperformed the benchmark S&P Municipal Yield Index for the quarter.**
- **Under pressure from rising interest rates and heavy issuance, municipal bonds ended the second quarter with flat performance in the investment grade segment and negative returns for high yield municipals. Policy uncertainty, particularly around tariffs/trade and taxes, contributed to concerns about inflation, growth and the federal deficit, steepening the yield curve. Muted investor appetite for extending duration further weighed on the long end of the yield curve.**
- **The Fund's longer duration and yield curve positioning, along with its overweight to below investment grade and non-rated bonds, were the main drivers of relative underperformance in the quarter. Sector allocations, however, contributed positively to relative performance.**

Market review

Heavy supply issuance in the second quarter led to municipal bonds underperforming the broader fixed income market. The S&P Municipal Bond Index returned 0.06% in the quarter, and the below investment grade universe, as represented by the S&P Municipal Yield Index, returned -1.01%.

In the second quarter, 10-year AAA municipal yields rose 2 basis points (bps), while the 10-year Treasury yield rose 1 bps. The municipal yield curve aggressively steepened during the quarter, causing long maturities to underperform. 20- year AAA municipal yields increased by 24 bps while 2-year AAA municipal yields decreased by -10 bps.

The benchmark 5-, 10- and 30-year Municipal-to-Treasury yield ratios have averaged 65%, 67% and 86%, respectively, since the bottom of the interest rate selloff on 31 Oct 2023. Current ratios of 70%, 77% and 95% are the cheapest levels since the recovery began nearly two years ago.

Year-to-date issuance was up 16% versus 2024's record-breaking levels, with $220 billion of overall issuance through May 2025 compared to $495 billion in 2024. Municipal fund flows totaled $9.5 billion year-to-date, including $3.8 billion into high yield sectors. Investors are favoring shorter duration assets amid the higher for longer rate environment and uncertainty regarding the timing and magnitude of Fed rate cuts in 2025.

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Portfolio review

The Fund underperformed the benchmark S&P Municipal Yield Index for the quarter. The sharp steepening in the municipal yield curve – as long-maturity yields rose while short-maturity yields fell – caused long-maturity municipal bonds to underperform. In this environment, the Fund's longer duration profile and its overweight to longer duration bonds detracted from relative performance. Relative underperformance was further driven by the weak performance of below investment grade and non-rated bonds, where the Fund holds an overweight relative to the benchmark. These bonds were slower to recover from April's tariff-related selloff.

From a sector and credit selection standpoint, an overweight to the higher education sector detracted as the sector faced heightened policy risk. The weakest performing holdings this quarter included American Dream, whose pilot bonds fell in price in response to a surprising reduction in the project's valuation, and Brightline, which suffered acute selling pressure toward the end of the quarter.

Positive offsets to the relative underperformance included the Fund's underweights to lagging sectors such as tobacco, health care and industrial development revenue, and an overweight to land secured bonds, which performed strongly as a sector. The Fund also benefited from its credit selection in land secured bonds. A new issue for The Stanley Hotel in Colorado and various other land secured bonds bought at the peak volatility in April were among the top contributors this quarter. Issuers offered especially attractive pricing to get their deals done in April, and since then the bond prices appreciated meaningfully.

Portfolio positioning

Portfolio turnover was relatively high this quarter, and resulted in a significant increase in the Fund's income earnings capability. The April volatility presented an attractive opportunity for the Fund to take advantage of pricing dislocations, especially in the new issue market. New purchases were funded from positive cash flows into the Fund during the quarter along with the proceeds from selling a large amount of bonds with lower embedded yields. There were no material changes to the portfolio's overall positioning during the quarter.

Outlook

Markets appear to have backed down from the worst-case scenario, but uncertainties about federal policy on funding and regulation remain. The enactment of the One Big Beautiful Bill Act preserves the tax exemption for municipal bonds, providing a positive catalyst for investor flows to return. If further clarity on trade policy and Fed rate cuts materialize in the second half of the year, as expected, investor reluctance to extend duration should ease and yield-seeking investors may rotate from cash into municipal bonds. While certain sectors may face greater challenges amid policy risks, municipal credit fundamentals overall are strong. Technical headwinds may ease with strong summer reinvestment demand and the potential for seasonally slower issuance. Greater policy certainty, improved market technicals and healthy credit fundamentals bode well for municipal bond performance in the coming months.

We anticipate the higher-than-normal supply issuance to moderate somewhat in the second half of 2025, easing some of the pressure on the municipal market. But a key catalyst to an arguably overdue rally depends on the return of flows into actively managed mutual funds, which we expect to resume with greater clarity on interest rates. In the meantime, the municipal market is currently offering high starting yields. Therefore, investors can expect a greater amount of total return to come from yield income. Credit fundamentals remain strong, with default levels near historical minimums and no signs of systemic sources of distress, providing a favorable backdrop for high yield municipal bonds.

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For more information visit nuveen.com

Important information on risk

Investing in interval funds involves risk; principal loss is possible. There is no guarantee the Fund's investment objectives will be achieved. Debt or fixed income securities such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, call risk, tax risk, political and economic risk, and income risk. As interest rates rise, bond prices fall. Credit risk refers to an issuers ability to make interest and principal payments when due. The Fund concentrates in non-investment grade and unrated bonds, as well as special situations municipal securities, with long maturities and durations which carry heightened credit risk, liquidity risk, and potential for default. In addition, the Fund oftentimes utilizes a significant amount of leverage and in doing so, assumes a high level of risk in pursuit of its objectives. Leverage involves the risk that the Fund could lose more than its original investment and also increases the Fund's exposure to volatility, interest rate risk and credit risk. An interval fund is a non-diversified, closed-end management investment company that continuously offers its common shares. An interval fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the fund will achieve its investment objectives. An interval fund's performance and the value of its investments will vary in response to changes in interest rates, inflation, the financial condition of a security's issuer, ratings on a security, perceptions of the issuer, and other market factors. Common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of fund dividends and distributions. These and other risk considerations are described in more detail on the Fund's web page at www.nuveen.com/HYIF.

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 advisors.

Certain information was obtained from third party sources, which we believe to be reliable but not guaranteed for accuracy or completeness. Clients should consult their financial professionals regarding any unknown terms or concepts.

Glossary

Average effective maturity is the weighted average of the effective maturity dates of the fixed-income securities in the Fund's holdings. A bond's effective maturity takes into account the possibility that it may be called by the issuer before its stated maturity date. In this case, the bond trades as though it had a shorter maturity than its stated maturity. **Leverage adjusted effective duration** is the Fund's average effective duration adjusted for the impact of the Fund's utilization of leverage in the form of senior securities as defined by Section 18 of the Investment Company Act of 1940. Funds that utilize leverage in the form of senior securities will have a leverage adjusted effective duration that is longer than its baseline effective duration. **Leverage** is created whenever a fund has investment exposure (both reward and/or risk) equivalent to more than 100% of the investment capital. **Yield curve** is a graph or "curve" that depicts the yields of bonds of varying maturities, from short-term to long-term. The graph shows the relationship between short-and long-term interest rates. Long-term rates are typically higher than shortterm rates. When short-term rates are higher than long term rates, this is called an "inverted" yield curve. **S&P Municipal Yield Index** is structured so that 70% of the market value of the index consists of bonds that are either not rated or are rated below investment grade, 20% are rated BBB/Baa, and 10% are rated single A. **It is not possible to invest directly in an index.**

Before investing, carefully consider fund investment objectives, risks, charges and expenses. For this and other information that should be read carefully,please request a prospectus, and if available, a summary prospectus, from your financial professional or Nuveen at 800.257.8787 or visit nuveen.com.

The Fund features portfolio management by Nuveen Asset Management, LLC, an affiliate of Nuveen, LLC. Nuveen Securities, LLC, member FINRA and SIPC.