

# Nuveen Enhanced High Yield Municipal Bond Fund

Marketing communication | As of 31 Mar 2026

## Key takeaways

- The Fund performed in line with the benchmark S&P Municipal Yield Index for the quarter.
- Municipal bonds posted gains in January and February on positive momentum carried over from the end of 2025. However, a geopolitically driven interest rate selloff in March reflected near-term upside risks to inflation and potential downside risks to growth, along with weakening expectations for Federal Reserve rate cuts this year. The broad municipal bond market ended the quarter modestly lower, while the high yield municipal market eked out a positive return.
- The Fund's relative performance was driven by its overweight to below investment grade and non-rated bonds, and favorable selections in certain sectors and individual credits, which offset weaker performing sector allocations. Additionally, the portfolio's higher embedded yield was a material performance contributor.

## Market review

The broad municipal bond market ended the first quarter with a modest loss overall, while the high yield segment eked out a gain, as a rates-driven selloff in March eroded strong performance in January and February. The S&P Municipal Bond Index returned -0.18% in the first quarter, and the below investment grade universe, as represented by the S&P Municipal Yield Index, returned 0.28%.

In the first quarter, the MMD-AAA 10-year municipal yield rose by +36 basis points (bps) to 3.12%, while the 3-year MMD yield rose by +10 bps and the 20-year yield rose by +19 bps. The surge in the 10-year yield resulted in a steeper 10/3s maturity spread (from +37 bps to +63 bps) and a flatter 20/10s spread (from +117 bps to +100 bps). However, the overall curve remains steep against historical averages with an improved asymmetric risk-return profile for investing in longer-duration bonds over the prior year.

The 10-year Treasury yield rose by +12 bps over the first quarter to 4.30%. The Municipal-to-Treasury yield ratios have historically been a barometer of relative value in the municipal market. We anticipate short Municipal-to-Treasury ratios will hover in the 60%-70% range to align with federal tax rates, whereas longer bond ratios will be closer to 90%, which provides even more substantial after-tax yield for investors. While these ratios can indicate relative value, municipal call protection can allow investors to capture better relative value while maintaining duration protection.

New issuance totaled \$142 billion, an 11% increase year-to-date and slightly ahead of 2025's historically high pace. On the demand side, flows totaled \$25.3 billion year-to-date through February 2026, a record start to the year.

## Portfolio review

The Fund performed in line with the benchmark S&P Municipal Yield Index for the quarter. The March rates selloff, driven by heightened geopolitical risk, rising inflation pressures and a recalibration of monetary policy expectations, overwhelmed an otherwise positive start to the year featuring favorable technicals on the back of strong demand for municipal funds. The Fund nevertheless performed well on an absolute and relative basis, supported by the portfolio's higher embedded yields and the outperformance of below investment grade and non-rated bonds.

High yield municipal bonds, which are less sensitive to interest rate movements due to their higher coupons, outperformed investment grade in the quarter. This benefited the Fund's overweight to below investment grade and non-rated bonds. Also contributing to relative performance was an overweight to land secured bonds, which outperformed, and an underweight to tobacco securitization bonds, which underperformed. Strong credit selection in the charter schools, senior living and, to a lesser extent, tobacco added to relative gains. We would also note that the Fund completed the exit from its Brightline West position during the quarter, which was advantageous as the bond price continued to fall.

On the contrary, the Fund's underweight to Puerto Rico bonds detracted from relative performance, as the bonds outperformed during the quarter.

## Portfolio positioning

During the quarter, the Fund had sufficient liquidity to meet the recent shareholder redemption window. Subsequent investor inflows and reinvestment cash flows from coupon payments and called and maturing bonds were deployed toward participating in high yield new issuance at higher prevailing yields and secondary market opportunities offering high yields.

## Outlook

Although geopolitical and inflation risks have increased in the near term, the case for investing in municipal bonds remains strong. Amid the currently elevated geopolitical uncertainty, we believe short-term market dislocations are likely to provide attractive entry points. Additionally, spread divergence at the sector level presents selective buying opportunities, most notably in higher education and health care where federal policy shifts have pressured spreads wider than their credit fundamentals suggest. The steepness of the municipal curve is likely to benefit duration extension, especially for maturities of 20 years and longer, which currently offer yield pickup over 5- and 10-year bonds. We are closely monitoring fund flows, given their strong correlation to municipal total returns, but we believe demand looks well supported by a backdrop of low money market rates and ample cash on the sidelines, along with municipals' high starting yields and solid credit conditions.

Against this backdrop, we expect yield to be a primary driver of the Fund's total returns, as it has been year-to-date, with further price return potential through successful workouts of distressed investments and individual credit selection in more recently issued high yield bonds.

# Nuveen Enhanced High Yield Municipal Bond Fund

Marketing  
communication

As of 31 Mar 2026

## For more information visit [nuveen.com](http://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 issuer's 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](http://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 short-term 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](http://nuveen.com).**

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