Nuveen Enhanced High Yield Municipal Bond Fund

Marketing communication | As of 31 Mar 2025

- **The Fund outperformed the benchmark S&P Municipal Yield Index for the quarter.**
- **Municipal bonds ended the quarter with muted performance overall after a weak March offset stronger performance in January and February. Technical factors—including strong municipal supply and seasonal tax-related selling—contributed to a significant dislocation from Treasury bonds while rate volatility was accelerated by concerns that trade/tariff and other policies could dampen economic growth and increase inflation. Municipal yields rose, except for the shortest maturities, steepening the yield curve. Despite the flight to quality in the quarter, municipal bonds lower down the credit spectrum generally outperformed due to their higher yields.**
- **The Fund's overweight exposure to high yield credit, including non-rated bonds, contributed positively, more than offsetting the negative impact of the portfolio's longer duration relative to the benchmark.**

Market review

Municipal bond markets started the year strong but technical pressure amid elevated rate volatility drove municipals to significantly underperform Treasury bonds in the quarter. The S&P Municipal Bond Index returned -0.24% in the first quarter. In the below investment grade universe, the S&P Municipal Yield Index returned 0.17% for the same period. Municipal yields rose across much of the curve, with the AAA MMD yield curve ending March at 4.24% for 30-year maturities. Municipal-to-Treasury ratios rose, and ended the quarter below historical averages.

AAA municipal benchmark interest rates fell by 0.25% for 1-year maturities and rose by 0.20% for 10-year maturities, steepening this segment of the yield curve. The yield curve remained steep from 1 to 30 years. Performance in the S&P Municipal Bond Index was mixed. Bonds maturing in less than eight years generated a positive total return. Maturity ranges from eight years and longer had flat to negative total returns, and the shortest maturities outperformed all other maturities on a relative basis.

Municipal-to-Treasury yield ratios ended the quarter below historical averages. The 10-year ratio increased to 78% as of March 2025, from 67% as of December 2024, (versus the long-term average of 84%). The 30-year ratio closed March at 92%, slightly below its historical norms.

Issuance in the first quarter of 2025 was up 15% versus the same period last year, with $119 billion of overall issuance compared to $495 billion in 2024. Refunding volume was largely driven by current refunding deals and refinancing through tender offers. Municipal fund flows were relatively resilient, totaling $9.7 billion for the first quarter, as high prevailing yields and low relative credit risk attracted investors.

High yield spreads tightened from 190 bps to 153 over AAA rated equivalent-maturity municipal bonds. Investment grade BBB spreads were unchanged at 88 bps over AAA. First-time municipal bond defaults totaled $0.7 billion in 2024, a very small percentage of the overall $4 trillion market.

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Portfolio review

The Fund outperformed the benchmark S&P Municipal Yield Index for the quarter. Treasury and municipal markets dislocated during the quarter due to technical headwinds in the municipal market. As Treasury yields fell, municipals yields rose. Rate volatility was more pronounced in March, eroding the municipal market's January and February gains. However, the higher yields offered by lower rated credit provided relative resilience, driving outperformance across lower investment grade and high yield bonds. In the quarter, the Fund's overweight exposure to high yield credit and strong credit selection contributed positively, offsetting the negative impact of the portfolio's longer duration relative to the benchmark.

Key positioning themes helped drive the Fund's positive relative performance, notably the overweight allocations to non-rated bonds and the land-secured and senior living sectors. An underweight to hospital bonds was also beneficial as the sector was pressured by concerns about Medicaid funding cuts. Credit selection was strong in charter school, land-secured (especially in Colorado), tobacco (particularly zero coupon structures) and transportation bonds (Brightline). Although long duration bonds generally underperformed in the quarter, strong demand for higher yielding tobacco structures boosted the performance of zero coupon tobacco bonds.

Duration positioning was the primary detractor from relative performance. A longer duration relative to the benchmark was disadvantageous as long-term yields rose and short-term rates fell. Also detracting from relative performance were underweight allocations to the industrial development revenue and housing sectors, both of which performed well during the quarter.

Portfolio positioning

Fund flows were consistently positive during the quarter, allowing the Fund to remain highly selective in the new issue market and opportunistic in the secondary market. The Fund remained positioned with wider credit spreads and higher embedded yields than the market average, in seeking to provide high tax-exempt income and total return potential. Overall, there were no material changes to the portfolio's positioning.

Outlook

While the volatility in early April disproportionately affected municipal bonds, it did not change our constructive long-term outlook. The market weakness presented a potential buying opportunity—a favorable entry point to invest in strong municipal credit fundamentals and higher market yields. In addition to looking for some clarity around Fed policy and how economic data evolves, clarity around tax reform should also provide a better backdrop to the municipal market. Strong investor demand and normalization in supply issuance should provide favorable conditions for municipal bond performance ahead, particularly given their attractive valuations.

As of quarter-end, long-term municipal yields approached 95% of Treasury yields, signaling that absolute municipal yields are quite attractive. Normalizing muni-to-Treasury yield ratios should help improve performance of the portfolio's duration positioning. We are taking a more balanced view of investment grade and high yield, and expect high yield spread compression as high yield fund flows have improved and high yield issuance remains subdued relative to investment grade. Overall, while we expect headlines to continue to drive volatility in the short term, municipal credit fundamentals are still strong and municipal yield levels are unusually attractive. We also expect demand to strengthen from reinvestment flows beginning on May 1 and continuing into the summer months.

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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.