

# Understanding

## *UNII balances*

**Undistributed net investment income (“UNII”) reflects how much, beyond current earnings, a closed-end fund has available to pay future distributions.** Here we provide an overview of how UNII, and trends in UNII balances, may impact distributions, and where to learn more about UNII in Nuveen closed-end funds.

# Why is a change in UNII balance important?

A closed-end fund's UNII balance reflects the total amount the fund has available, beyond current earnings, from which to make future distributions to shareholders. This amount can change each month as the fund earns income and/or pays out distributions. While the absolute level of the UNII balance is important, *the trend of the UNII balance over time may be of equal or greater importance* as it can impact both future distributions and the fund's net asset value (NAV) per share.

## UNII balance month-to-month



A rising UNII balance implies the fund is **out-earning** its current distribution level and **increasing** the fund's NAV.<sup>1</sup>

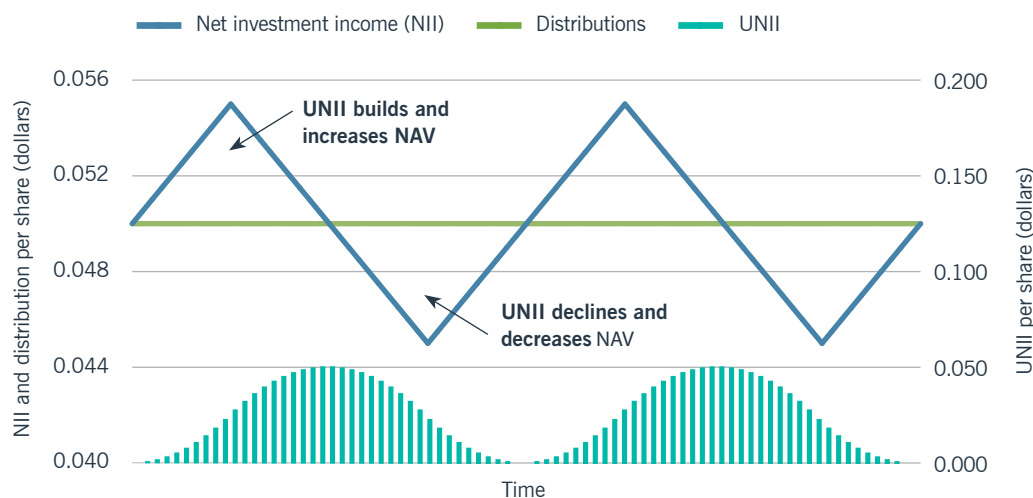


A declining UNII balance indicates that a fund is **under-earning** its current distribution and **decreasing** the fund's NAV.<sup>1</sup>



A sustained trend in either direction indicates an adjustment in the fund's distribution rate may be appropriate to help balance earnings and distributions.

## UNII balance as it relates to net investment income and distributions



Hypothetical example only, and does not represent the income or distributions of any Nuveen fund.

<sup>1</sup> Exceptions do apply, especially in cases with tax adjustments.

## What is undistributed net investment income (UNII)?

$$\text{Net investment income} - \text{Distributions} = \text{UNII}$$

UNII represents the life-to-date balance of a fund's net investment income less its distributions.

# Finding UNII information

## On nuveen.com

UNII appears in a downloadable file “Earnings and UNII Information” on nuveen.com/cef under the Distributions section of any closed-end fund’s page.

| Nuveen Closed-End Funds           |   | nuveen<br>A TIAA Company                  |   |                                     |  |
|-----------------------------------|---|---|---|-------------------------------------|--|
| September 30, 2020                |   |   |   |                                     |  |
| Nuveen Municipal Closed-End Funds |   |   |   |                                     |  |
|                                   |   | Latest Declared Distribution <sup>a</sup> | Average Earnings per Share <sup>b</sup> | Average UNII per Share <sup>c</sup> | Distribution Coverage Ratio <sup>d</sup> |
| <b>National</b>                   |   |   |   |                                     |  |
| NAD                               | Nuveen Quality Municipal Income Fund          | .0595                                     | .0523                                   | .0189                               | 104.7%                                   |
| NZF                               | Nuveen Municipal Credit Income Fund           | .0650                                     | .0587                                   | -.0054                              | 104.0%                                   |
| NMZ                               | Nuveen Municipal High Income Opportunity Fund | .0520                                     | .0502                                   | -.0435                              | 97.0%                                    |
| NVG                               | Nuveen AMT-Free Municipal Credit Income Fund  | .0675                                     | .0713                                   | -.0258                              | 105.7%                                   |
| NEA                               | Nuveen AMT-Free Quality Municipal Income Fund | .0585                                     | .0507                                   | .0150                               | 103.8%                                   |
| NWV                               | Nuveen Municipal Value Fund, Inc.             | .0310                                     | .0298                                   | -.0179                              | 95.1%                                    |
| NMI                               | Nuveen Municipal Income Fund, Inc.            | .0309                                     | .0335                                   | -.0191                              | 101.7%                                   |
| NXP                               | Nuveen Select Tax-Free Income Portfolio       | .0455                                     | .0462                                   | .0125                               | 101.6%                                   |
| NXO                               | Nuveen Select Tax-Free Income Portfolio 2     | .0420                                     | .0419                                   | .0132                               | 96.8%                                    |



## IMPORTANT POINTS

- The UNII balance shown on Nuveen’s website reflects Generally Accepted Accounting Principles (GAAP) accounting.
- GAAP accounting requires booking of distributions on the **ex-dividend date**, vs. tax accounting, which is based on **actual payment dates**.
- This GAAP/tax accounting timing difference may result in a *negative* UNII balance for accounting purposes, while on a tax basis the actual balance may remain *positive*.

## FOR EXAMPLE

- Nuveen’s municipal funds’ ex-dividend dates occur in the month preceding the actual cash payment date. Therefore, on nuveen.com, the fund(s) may show a *negative* UNII balance—although upon reconciliation for tax purposes the UNII balance may be positive.

The net income and UNII figures are monthly amounts based on three- or six-month averages. Closed-end fund historical distribution sources have included net investment income, realized gains, and return of capital, though the funds shown above include only net investment income in their regular distributions.

# Why invest with Nuveen?

*A trusted closed-end fund provider for more than 35 years, Nuveen offers financial professionals and investors dedicated client service with a legacy of integrity and innovation.*

## Market leadership

A pioneer in long-term income and cash flow solutions

## Focused expertise

Active management from Nuveen and its independent investment affiliates

## Deep commitment

Pursuing long term, lasting value for financial professionals and investors

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**Investors:** Contact your Financial Professional or call Nuveen at 800.257.8787.

**Financial Professionals:** Contact your Nuveen Advisor Consultant Team at 800.752.8700 or our Nuveen CEF specialist at [CEFSpecialist@nuveen.com](mailto:CEFSpecialist@nuveen.com).

Visit us on the web at [nuveen.com/cef](http://nuveen.com/cef).

### Important information on risk

Closed-end fund shares are subject to investment risk, including the possible loss of the entire principal amount that you invest. Common shares frequently trade at a discount to their NAV. At any point in time, your common shares may be worth less than you paid, even after considering the reinvestment of fund distributions.

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