

# Nuveen Dynamic Municipal Opportunities Fund (NDMO)

Marketing communication | As of 30 Jun 2024

- The Fund outperformed the benchmark S&P Municipal Yield Index during the quarter.
- Municipal bond markets eked out a small gain in the quarter, remaining resilient amid a surge in issuance. Municipal yields rose across most maturities, which weighed on bond prices, but higher incremental yields at the short and long ends of the curve contributed to positive total returns for those maturity ranges while intermediate maturities were negative. High yield municipal bonds outperformed the broad market as credit spreads narrowed.
- The Fund's sector positioning was beneficial to relative performance, primarily driven by the strong performance of bonds with lower investment grade and below investment grade ratings, including non-rated bonds, while duration positioning had a negligible impact on relative performance.

## Portfolio review

Overall, the Fund remained modestly long duration and added slightly to leverage ahead of our expectations for the Federal Reserve's first rate cut later this year. The Fund took advantage of a tactical trading opportunity to buy long-maturity Treasury bonds that were cheaper relative to long-maturity municipal bonds at the time, then sold a portion of the Treasury position as they rallied to take profits. The Fund also focused on relative value trading with the purchase of new issues offered at cheaper prices then selling them after the supply cleared the

market to capture spread performance, or in some cases continuing to hold the credit if prevailing market conditions looked more attractive to do so. High yield paper has been more challenging to source amid tight supply, but the Fund continued to invest selectively when opportunities presented. Notably, a large refinancing deal from Brightline, a high yield holding, allowed the Fund to reduce its exposure to the name while diversifying into a new, investment grade Brightline replacement bond and other new opportunities.

## Contributors

The Fund's exposure to lower investment grade and below investment grade bonds was a significant driver of total returns in the quarter, as credit spreads contracted and these segments outperformed in the quarter. The Fund's holdings of non-rated bonds were particularly beneficial.

Relative to the benchmark index, the Fund's sector allocations were a key contributor to outperformance, particularly an overweight in incremental tax bonds and underweight in tobacco bonds. The Fund's overweights and strong security selection in life care, charter schools, "other transportation" and public power were also positive contributors.

Top contributing holdings included Brightline (Florida high-speed passenger rail), New Hope Sanctuary (senior living facility), Southwest Prep (a Texas charter school) and several Puerto Rico credits.

## Detractors

There were few material detractors from relative performance in the quarter. The Fund's duration profile remained modestly long versus the benchmark, but the interest rate movements during the quarter didn't drive significant performance in either direction.

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## Average annualized total returns (%)

	Inception date	QTD	1 year	3 years	Since inception
Share price	26 Aug 20	0.90	14.09	-7.36	-1.75
NAV	26 Aug 20	1.43	8.79	-5.38	-1.20

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.

## Distribution information

Current Distribution (Monthly)	\$0.0620
Distribution Rate on NAV	6.69%
Distribution Rate on Market Price	6.89%

Distribution sources may include net investment income, realized gains and return of capital. If a distribution includes anything other than net investment income, the Fund provides a notice of the best estimate of its distribution sources at that time which may be viewed at [nuveen.com/CEFDistributions](http://nuveen.com/CEFDistributions). These estimates may not match the final tax characterization (for the full year's distributions) contained in shareholders' 1099-DIV forms after the end of the year. You should not draw any conclusions about a fund's past or future investment performance from its current distribution rate.

## Credit quality (%)

	% of portfolio
AAA	6.8%
AA	22.5%
A	12.2%
BBB	9.6%
BB	9.4%
B	0.9%
CCC	0.3%
Not Rated	38.3%

Ratings shown are the lowest rating given by one of the following national rating agencies: S&P, Moody's or Fitch. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC/CC/C and D are below-investment grade ratings. Holdings designated NR are not rated by these national rating agencies.

All characteristics as a percentage of the fund's managed assets (total assets of the fund, minus the sum of its accrued liabilities other than fund liabilities incurred for the express purpose of creating leverage). Holdings and ratings are subject to change. Totals may not add up to 100% due to rounding.

## Fund description

The Fund seeks total return through income exempt from regular federal income taxes and capital appreciation. The Fund invests primarily in municipal securities, the income on which is exempt from regular U.S. federal income tax.<sup>1</sup> The Fund may invest in municipal securities of any maturity and credit quality, without limit in below investment grade municipal securities rated BB+/Ba1 or lower at the time of investment or unrated but judged to be of comparable quality, and without limit in municipal securities that generate income subject to the U.S. federal alternative minimum tax ("AMT Bonds"). No more than 20% of Managed Assets can be in taxable debt obligations, including taxable municipal securities, and no more than 10% of Managed Assets can be in defaulted securities or securities of issuers in bankruptcy or insolvency proceedings at the time of investment.

## Portfolio management

Nuveen Asset Management, LLC is the subadvisor to the Fund and an affiliate of Nuveen, LLC.

**For more information contact: 800.752.8700 or visit [nuveen.com](http://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. The values of **municipal securities** held by the Fund may be adversely affected by local political and economic conditions and developments. **Debt or fixed income securities** such as those municipal securities held by the Fund, are subject to market risk, credit risk, interest rate risk, liquidity risk and income risk. As interest rates rise, bond prices fall. **Lower quality municipal securities** may be more likely to fail to make timely interest or principal payments. **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. These and other risk considerations such as **inverse floater risk, derivatives risk and tax risk** are described in

more detail in the Shareholder Update section of the Fund's annual report at [www.nuveen.com/NDMO-annual-report](http://www.nuveen.com/NDMO-annual-report).

**Distribution Rates** represent the latest declared regular distribution, annualized, relative to the market price and NAV. Special distributions, including special capital gains distributions, are not included in the calculation.

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 financial professional.

## Glossary

**S&P Municipal Yield Index** is a market value-weighted index that is structured so that 70% 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.**

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