

# Nuveen Dynamic Municipal Opportunities Fund (NDMO)

Marketing communication | As of 31 Dec 2024

- The Fund underperformed the benchmark S&P Municipal Yield Index during the quarter.
- The municipal bond market ended 2024 on a weak note, declining along with the broader fixed income markets in the fourth quarter on sticky inflation readings and expectations for a slower pace of interest rate cuts in 2025. Yield rose across the municipal curve, but less so for high yield municipal bonds, which are less interest rate sensitive, causing credit spreads to compress.
- Although the Fund benefited from strong sector selection, it was more than offset by weaker security selection and the negative impact of leverage in a down market.

## Portfolio review

The Fund continued its gradual and selective increase in high yield exposure, as anemic high yield supply issuance has resulted in smaller allotments in the more attractive deals and secondary market spreads have narrowed. Additionally, the Fund incrementally increased tender option bond (TOB) leverage over the past year, adding TOB structures only when the right opportunity was available. The Fund didn't look to

actively extend the portfolio's duration overall but invested in longer duration credits on a credit-specific basis. In the investment grade market, the Fund remained focused on relative value trading in new issues, which sought to buy new issues with the potential for spread tightening using the proceeds from selling issues with limited further upside.

## Contributors

Sector allocations were favorable overall. The Fund held overweights to strong performing sectors such as incremental tax and airports, along with underweights to underperforming sectors such as tobacco and higher education. The Fund also held an underweight to the multifamily housing sector, which was advantageous because the sector lagged, although security selection in the sector detracted.

Top contributing holdings included PREPA (Puerto Rico Electric Power Authority), a distressed credit whose bond price appreciated in response to a court ruling perceived as favorable to bondholders, and Brightline commuter rail bonds, which performed well due to their shorter duration structures.

## Detractors

Detractors during the quarter included several charter school holdings, including Edkey Charter Schools, Heritage Academy, Freedom Classical Academy and Crosspoint Academy. Holdings in multifamily housing also underperformed, including Creekwood Housing, Center City Anaheim and certain private student housing credits. Chicago Board of Education was another laggard, whose bonds declined due to budget concerns.

Additionally, in the fourth quarter's down market, the Fund's use of leverage through tender option bonds and the issuance of preferred shares was unfavorable to short-term performance, but it has contributed positively to the Fund's performance over the long term, accruing to both the income and total return of the Fund.

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## Average annualized total returns (%)

	Inception date	QTD	1 year	3 years	Since inception
Share price	26 Aug 20	-9.03	8.34	-9.06	-2.47
NAV	26 Aug 20	-2.33	6.11	-5.01	-0.68

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	6.80%
Distribution Rate on Market Price	7.43%

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](https://www.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
U.S. Guaranteed	0.2%
AAA	1.5%
AA	17.4%
A	18.1%
BBB	13.0%
BB	7.4%
B	3.6%
Not Rated	38.8%

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 subadviser to the Fund and an affiliate of Nuveen, LLC.

For more information contact: 800.752.8700 or visit [nuveen.com](https://www.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](https://www.nuveen.com/NDMO-annual-report).

**Distribution Rate** at market price and NAV is calculated by annualizing the most recent declared regular distribution and dividing by the fund's market price or NAV, respectively. 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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