

Nuveen Preferred Securities & Income Opportunities Fund (JPI)

Marketing communication | As of 30 Sep 2024

- The Fund underperformed the JPI Blended Benchmark (the benchmark) during the quarter.
- Contributors included the Fund's longer leverage-adjusted effective duration versus the benchmark and a yield curve steepening bias to its portfolio.
- Detractors included security selection and sector allocation.

Portfolio review

The quarter was relatively void of headlines specific to the preferred securities market. For the bank sector, the largest issuer of preferred securities, most news was positive. Banks released second-quarter 2024 earnings that generally exceeded expectations, a trend that has now spanned several quarters. While banks continued to report stress within commercial real estate (CRE) exposure, levels remained manageable with several banks stating that office CRE valuations seem to be at, or near, trough levels. At the end of June, the Fed released annual stress test results, with all 31 participating banks yet again passing this year's exam.

The preferred securities market was more affected by geopolitical headlines and the guessing game surrounding Federal Reserve (Fed) policy. Amid further signs of moderating inflation and a weaker job market, the Fed cut rates by 50 basis points in September. The \$25 par preferred segment of the benchmark surged 8.31% for the quarter, outperforming both the \$1000 par preferreds and U.S. dollar-denominated

contingent capital securities (USD CoCo) segments, which still produced solid quarterly returns of 4.81% and 5.42%, respectively. Outperformance by \$25 par preferreds was primarily due to the segment's much longer duration amid falling rates and a dearth of meaningful new issue supply, which resulted in a supply/demand imbalance and drove option adjusted spreads (OAS) disproportionately lower for the segment.

The Fund continued to overweight \$1000 par preferred securities and non-fixed-rate coupon securities (floating-rate, fixed-to-floating rate, fixed-rate reset), while underweighting \$25 par preferred securities, fixed-rate coupon securities, and USD CoCos. The \$1000 par preferred segment remained comparably cheap on an option-adjusted spread (OAS) basis versus the \$25 par preferred and USD CoCo segments. The Fund's leverage-adjusted effective duration ended the quarter at around 4.7 years, longer than approximately 4.2 years for the benchmark.

Contributors

The Fund's longer leverage-adjusted effective duration, which increases its rate sensitivity, contributed to relative performance as rates broadly moved lower during the quarter across the U.S. Treasury yield curve.

The Fund's overweight to non-fixed-rate coupon structures gave its portfolio a yield curve steepening bias relative to the benchmark. This steepening bias contributed to relative performance during the quarter as short-term U.S. Treasury yields fell meaningfully more than the long end. For example, the 10-year Treasury yield ended the quarter 55 basis points lower at 3.81%, while two-year rates fell by 105 basis points to end at 3.66%. As a result, the two-to-10-year segment of the yield curve returned to an upward slope following an extended period of inversion.

Detractors

Security selection detracted, particularly among the insurance, bank and finance companies sectors, a reversal from last quarter. Broadly speaking, an overweight to higher coupon, higher reset spread, and premium-priced security structures detracted. As conviction grew that the Fed might cut rates faster than expected, investor appetite materially increased for discount priced, low coupon, and low reset structures.

Underweights to fixed-rate coupon structures and \$25 par preferreds, coupled with an overweight to \$1000 par preferreds, detracted. Besides the duration differential between the two segments, the OAS for \$25 par preferreds decreased by about 50 basis points while the OAS for \$1000 par preferreds remained unchanged during the quarter.

Nuveen Preferred Securities & Income Opportunities Fund (JPI)

As of 30 Sep 2024

Average annualized total returns (%)

	Inception date	QTD	1 year	3 years	5 years	10 years	Since inception
Share price	26 Jul 12	8.97	29.43	1.15	3.48	6.59	6.35
NAV	26 Jul 12	5.50	20.42	-0.18	2.86	5.11	6.29

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)	\$0.1660
Average Earnings/Share	\$0.0939
Average Earnings/Distribution Ratio	56.54%
Average UNII Per Share	-\$0.1068
Distribution Rate on NAV	9.71%
Distribution Rate on Market Price	9.57%

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. 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	0.0%
AA	0.0%
A	9.4%
BBB	68.5%
BB	20.4%
B	0.0%
NR	2.3%
Cash and Equivalents	-0.5%

Ratings shown are the highest rating given by one of the following national rating agencies: S&P, Moody's, Fitch, DBRS or AM Best. 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 and, where applicable, include net derivative positions.

Fund description

The Fund seeks to provide a high level of current income and total return by investing at least 80% of its managed assets in preferred and other income-producing securities, including hybrid securities such as contingent capital securities, with a focus on securities issued by financial and insurance firms. At least 50% of its managed assets are rated investment grade at the time of purchase or, if unrated, judged to be of comparable quality by the fund's portfolio team. The Fund uses leverage.

Portfolio management

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

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.

For more information contact: 800.752.8700 or visit 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. **Preferred securities** are subordinated to bonds and other debt instruments in a company's capital structure, and therefore are subject to greater credit risk. **Debt or fixed income securities** such as those held by the Fund, are subject to market risk, credit risk, interest rate risk, derivatives risk, liquidity risk, and income risk. As interest rates rise, bond prices fall. **Lower credit** debt 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. Certain types of preferred, hybrid or debt securities with special loss absorption provisions, such as **contingent capital securities** (CoCos), may be or become so subordinated that they present risks equivalent to, or in some cases even greater than, the same company's common stock. These loss absorption features work to the benefit of the security issuer, not the investor (this fund). For these and other risks, including the Fund's **limited term** and **concentration** risk, see the Fund's web page at www.nuveen.com/JPI.

Average earnings per share and **average undistributed net investment income (UNII) per share** are estimates, using an average of the last three months, except for preferred securities funds, mortgage-backed securities funds and floating rate funds, which use an average of the last six months.

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

The **JPI Blended Benchmark** consists of 60% ICE BofA U.S. All Capital Securities Index and 40% ICE USD Contingent Capital Index. The **ICE BofA U.S. All Capital Securities Index** is a subset of the ICE BofA U.S. Corporate Index including all fixed to floating rate, perpetual callable and capital securities. The **ICE USD Contingent Capital Index (CDLR)** tracks the performance of U.S. dollar denominated contingent capital debt publicly issued in the major domestic and Eurobond markets, including investment grade and sub-investment grade issues. **It is not possible to invest directly in an index.**

Nuveen Securities, LLC, member FINRA and SIPC.