



Matt Nealon on opportunities in municipals

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Matthew J. Nealon, Managing Director and Co-Head of Structured Products Business Development at Nuveen, sat down with Jane King to discuss Nuveen's structured products platform. The platform includes closed-end funds, interval funds, business development companies (BDCs), and other alternative investment strategies. Nealon also provides an overview of Nuveen, its history of underwriting municipal bonds, and the global firm's current municipal strategy.

Learn more about Nuveen's [closed-end funds](#) and interval fund, the [Nuveen Enhanced High Yield Municipal Bond Fund](#)

Find [here](#) the video interview.

Jane King: Matt Nealon is the managing director and co-head of structured products business development at Nuveen. He is responsible for the origination and syndication of Nuveen structured products platform, this includes closed-end funds, interval funds, business-development companies and other alternative investment strategies. So welcome, Matt, great to have you here.

Matt Nealon: It's great to be here.

Jane King: Yeah, and let's start with an overview of Nuveen, and in particular the municipal platform.

Matt Nealon: Sure. Well, Nuveen is a global investment leader, we currently manage \$1.2 trillion of public and private assets as of December 31st, 2023. Our heritage dates back to 1898, so quite a long time when we began underwriting municipal bonds, so it's a very extensive track record. Today we currently manage \$190 billion of municipal strategies across open-end funds,

closed-end funds, separately managed accounts, private funds, and more recently an interval fund, which I know we'll discuss in more detail today.

In terms of that offering, what does that history mean for our clients? Why is it meaningful? For us it really boils down to three things; experience, research, and presence. From an experience standpoint, we've been an active manager and an income provider in the industry for over 125 years. Research, our municipal credit research teams are one of the largest on the street. We have over 24 research analysts, they average around 20 years of experience, so it's a very deep and seasoned team. And then finally, presence, I mentioned \$190 billion of municipal strategies under management, that comes with market power and institutional pricing, which we believe adds value when we're evaluating and purchasing bonds on behalf of our clients.

Jane King: So let's talk about the closed-end funds, and explain the expertise that Nuveen has there and what are the resources that you have in that area?

Matt Nealon: Sure. Well, it's also a very deep track record in closed-end funds for Nuveen as well. Our first IPO was in 1987, so for the last 36 years we've continued to roll out new asset class strategies, fund structures, forms of leverage, we've really emphasized education and support for the closed-end fund industry over that time.

We currently have \$50 billion in closed-end fund assets today, making Nuveen the largest sponsor of closed-end funds in the industry by AUM as of December 31st, 2023. Today in terms of our resources, we've been investing heavily into our US wealth distribution teams, we have north of 220 wholesalers that cover financial advisors across the country. They get continuous training in closed-end funds, but we also have a team of product specialists that can go much deeper in terms of the conversation of leverage and other structural considerations for the advisor to make an educated decision.

Jane King: What are the opportunities in municipal closed-end funds right now?

Matt Nealon: Sure. Well, in terms of opportunities, I mentioned the education piece. One thing to mention on what we're also doing from a resource standpoint is we publish a lot of thought leadership pieces on Nuveen.com, and we also sponsor an industry website called CEFConnect, which makes available data on closed-end funds to all investors across all US-listed closed-end funds.

In terms of the opportunities for municipal closed-end funds today, I think it's important to take a step back and when we're evaluating these strategies, to look at the fundamentals of the asset class. So let's start with the fundamentals for munis, munis continue to be one of Nuveen's highest conviction ideas in 2024. From a fundamental standpoint, very strong tax revenues for these municipalities, very strong reserve balance as well, and then the supply-demand dynamic is very favorable, meaning muted supply and increasing retail demand.

Yields actually started 2024 at their highest level since 2011, so it's a very attractive time from a total return standpoint just based on income alone. And then also we're seeing a clear intake of inflows by Lipper category data, which shows sustained inflows for the last few months. We

believe that could accelerate throughout the rest of the year if we were to see a retrace in interest rates going forward.

Jane King: Interesting. And the interval fund, so explain Nuveen's position there and explain what an interval fund is. I think it's kind of a fairly new concept for people.

Matt Nealon: It is, it is. So I think before diving into the fund highlights, we'll talk about an interval fund is essentially an ongoing, a continuously offered closed-end fund. It's registered by the 40 Act, the 1940 Act, and it also gives investors the opportunity to invest in less liquid securities. That's really what we try to do, it was the spirit of this fund when we designed it, how do we fully utilize the benefits of the interval fund structure?

As the largest provider of closed-end funds we have a very broad network of investors that we can connect with on a daily basis, and it's been pretty interesting. Since launching the interval fund we've actually seen legacy closed-end fund investors have been drawn to the interval fund structure, and a lot of it is because of the market discounts right now on the listed side. Interval funds do not have discount risk, they trade at net asset value. So investors that are looking at the interval fund do need to be comfortable, you're giving up daily liquidity but you're also reducing the market price volatility that you would have on the listed side.

In terms of fund highlights, we built this fund to pay out high monthly tax-exempt income. As of end of January the fund was distributing a 6% distribution rate, that's equivalent to a 10% taxable equivalent yield for many investors in the higher income brackets, so very attractive level. We also try to offer attractive total return, enhanced total return, by investing in less liquid securities. On the muni side, focusing on higher yielding and undervalued opportunities there.

We've seen a lot of traction in this interval fund, flows continue to come in, last year it grew significantly in terms of fund raise, and we're off to a very strong start in 2024. Last month, in February we eclipsed \$500 million in managed assets, so it's still a fund that's continuing to seek a lot of interest from investors across the Street. And as we continue to build the syndicate for the fund, we can now go into an advisor's office and offer a full menu of municipal securities across mutual funds, closed-end funds, separately managed accounts, and now more recently this interval fund. And I think more importantly in addition to that product line-up that we offer, we also have the resources that we discussed that are available to help advisors work through the appropriate structure for their clients to help meet their risk and return profile needs.

Jane King: Sure. Okay, very interesting, Matt. Thank you so much for coming and explaining Nuveen's municipal platform in particular, thank you.

Matt Nealon: Thanks for having me, appreciate it.

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Nuveen assets under management (AUM) is inclusive of underlying investment specialists and is as of 31 Dec 2023. Source for Nuveen is largest provider of closed-end funds by AUM: Morningstar, as of 31 Dec 2023.

Important information on risk

Nuveen Enhanced High Yield Municipal Bond Fund: 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.

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Additional information

The fund's regular monthly distributions may be subject to federal and/or state and local taxes and may be re-characterized as ordinary income. Any re-characterization will be reported in shareholders' 1099-DIV forms after the end of the year. Income exempt from federal income tax may be subject to state and local taxes and the alternative minimum tax. Capital gains, if any, will be subject to capital gains tax.

Distribution rate represents the latest declared regular distribution, annualized, relative to the NAV. Special distributions, including special capital gains distributions, are not included in the calculation. The distribution rate is not estimated to include a return of capital. The Fund intends to declare dividends daily, and pay dividends monthly, usually on the first business day of the month. The distribution rate should not be confused with yield or performance.

Taxable-equivalent yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. Your actual federal income tax rate may differ from the assumed rate. If the comparison were instead to investments that generate qualified dividend income, which is taxable at a rate lower than an individual's ordinary graduated tax rate, the Fund's taxable-equivalent yield would be lower.

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.

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