

AICA

Member Profile: Nuveen

Nuveen, the investment manager of TIAA, offers a comprehensive range of outcome-focused investment solutions designed to secure the long-term financial goals of institutional and individual investors.

Nuveen has \$1.1 trillion in assets under management as of September 30, 2023, and operations in 27 countries. Its investment specialists offer deep expertise across a comprehensive range of traditional and alternative investments through a wide array of vehicles and customized strategies.

Founded in 1898, the company got its start underwriting bond deals focused on city and community infrastructure and continues to be an influential player in the tax-advantaged municipal bond space. Today, Nuveen is a leading sponsor of

closed-end funds (CEFs) with \$51 billion of assets under management — making it the industry’s largest CEF provider according to Morningstar (as of September 30, 2023). The funds offer exposure to a broad range of asset classes and are designed for income-focused investors seeking regular distributions. The company’s product lines also include mutual funds, interval funds, alternatives, and exchange-traded funds.

Closed-End Funds

Dave Lamb, Head of Closed-End Funds at Nuveen, said the firm moved into closed-end funds in the late 1980s because it believed the CEF structure fit well with its municipal focus. He added that the firm made its mark early on as a pioneer in the way it used leverage in municipal CEFs:

“We were able to benefit shareholders in municipal CEFs by employing leverage and taking advantage of the persistent and upward sloping municipal yield curve where we borrow short and invest long,” Lamb said. “That allowed common shareholders to benefit from that incremental spread on leveraged assets.”

Nuveen’s first CEF, the Nuveen Municipal Value Fund, Inc., was not a leveraged fund. However, many of Nuveen’s closed-end funds that followed were.



“The structure of closed-end funds is very well suited for certain portfolio investments that are less liquid or have longer investment horizons, and where the portfolio does not need to stand ready to redeem securities to meet investor redemptions.”

Dave Lamb, Head of Closed-End Funds, Nuveen

NUV

Nuveen manages the Nuveen Municipal Value Fund, Inc., a listed closed-end fund with the NYSE ticker symbol NUV. The retail product, Nuveen’s first exchange traded CEF launched on June 17, 1987, seeks to provide current income exempt from regular federal income tax by investing in an actively managed portfolio of tax-exempt municipal securities. In fact, the fund has been paying regular distributions to shareholders for more than 35 years. The fund maintains 455 holdings as of November 30, 2023.

At least 80% of its managed assets are rated investment grade; up to 10% may be rated below B-/B3 at the time of purchase or, if unrated, judged to be of comparable quality by the fund’s portfolio team. NUV may invest in tender option bonds, which may create up to 10% effective leverage.

Q&A with Dave Lamb

What are the advantages of investing in infrastructure today?

Raising money to build and repair infrastructure has been an important focus of state and local governments, and closed-end funds are another vehicle in which to raise investment capital to do that. Private infrastructure investments are different in that they have potentially

different risk profiles and a lot less liquidity, but they allow a range of accredited and non-accredited investors to enlist in infrastructure improvement projects.

Where do you feel Nuveen does its best work?

You want to love all your children ... but when you look across our lineup of product offerings, municipals are where Nuveen is well known and identified as a very accomplished and sophisticated investor. Of course, we have a large investment platform and a deep bench of investment managers and analysts that make everything we do possible.

Where do you see Nuveen in three years?

I see Nuveen, under the TIAA umbrella, continuing to develop alternative products to meet retail investor demand. I see the investment industry at large headed that way as well.

Name one thing that most investment professionals regularly misunderstand.

Discounts. Advisors often look at listed closed-end funds, see discounts, and equate that with something that's broken, or it suggests the investment isn't performing as it should. Discounts, in fact, often present opportunities. This is one area that always needs education for advisors and clients.

Why did Nuveen join AICA?

To continue and broaden opportunities for investor education around closed-end funds.

How do you define success?

Success for our closed-end fund business is the ability to develop products that deliver outstanding outcomes for our clients over time. Not just in the near term, or from a trade mentality, but from a long-term view of being able to deliver investment outcomes that meet client expectations. When you look at what our first closed-end fund has been able to deliver over a 35-year period, I define that as success.

Learn more about [Nuveen](#), its [closed-end fund business](#), [NUV](#), and [Dave Lamb](#).

Important information on risk

Investment, Market, and Price 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.

Interest Rate Risk: Fixed-income securities such as bonds, preferred, convertible and other debt securities will decline in value if market interest rates rise.

Credit Risk: Debt or preferred securities held by the fund may fail to make dividend or interest payments when due. Investments in securities below investment grade credit quality are predominantly speculative and subject to greater volatility and risk of default. Unrated securities are evaluated by fund managers using industry data and their own analysis processes that may be similar to that of a nationally recognized rating agency; however, such internal ratings are not equivalent to a national agency credit rating. Counterparty credit risk may arise if counterparties fail to meet their obligations, should the fund hold any derivative instruments for either investment exposure or hedging purposes.

Tax Risk: The tax treatment of fund

distributions may be affected by future changes in tax laws and regulations or their interpretation by the Internal Revenue Service or state tax authorities.

Inverse Floater Risk: The fund invests in inverse floaters. Due to their leveraged nature, these derivative investments can greatly increase a fund's exposure to interest rate risk and credit risk, including counterparty credit risk. In addition, investments in inverse floaters involve the risk that the fund could lose more than its original principal investment.

Call Risk or Prepayment Risk: Issuers may exercise their option to prepay principal earlier than scheduled, forcing the fund to reinvest in lower-yielding securities.

Hedging Risk: The fund may use derivative instruments for hedging purposes, but there is no assurance that the fund's hedging strategy will be successful. Derivatives may involve a high degree of financial risk, including the risk that the loss on a derivative may be greater than the principal amount invested.

Municipal Bond Market Liquidity Risk: Inventories of municipal bonds held by brokers and dealers have decreased in recent years, either due to broker-dealer choices or to federal banking regulations, reducing their ability to make a market in these securities. This may decrease the

fund's ability to buy or sell bonds, and may increase bond price volatility and trading costs, particularly during periods of economic or market stress. As a result, the fund may be forced to sell a security at a lower price than desired, to sell other securities to raise cash, or to give up an investment opportunity, any of which could have a negative effect on performance. Large block sales could further reduce bond prices and hurt fund performance.

Nuveen Securities, LLC, member FINRA and SIPC.

Disclosure: The opinions of the speakers / presenters are their own opinions and may not be the opinions of AICA. Listed closed-end funds and business development companies trade on exchanges at prices that may be above or below their NAVs. There is no guarantee that an investor can sell shares at a price greater than or equal to the purchase price, or that a CEF's or BDCs discount will narrow or be eliminated. Non-listed closed-end funds and business development companies do not offer investors daily liquidity but rather on a quarterly or semi-annual basis, often on a small percentage of share. CEFs often use leverage, which can increase a fund's risk or volatility. The actual amount of distributions may vary with fund performance and other conditions. Past performance is no guarantee for future results.