

**nuveen**

A TIAA Company

# Investing in closed-end funds

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Investors looking for predictable income potential should consider closed-end funds.

- Professionally managed to seek attractive, steady distributions
- Let you tap into parts of the market that might not otherwise be accessible to you

Learn what makes closed-end funds unique, so you can better decide whether they are right for you.

# Why closed-end funds?



## INCOME POTENTIAL

*Designed for regular distributions*

CEFs are specifically designed with a goal of translating their total returns into consistent, predictable—and often, tax-advantaged—income over time. A team of professionals actively manages all aspects of the fund—including its holdings, leverage, and distributions—seeking to produce regular monthly or quarterly distributions.



## DIVERSIFICATION

*Via a broader investable universe*

CEFs offer exposure to a wide array of income-producing assets in public and private markets around the world, including many that are difficult to access using other vehicles, such as less liquid markets or securities and alternative assets, as well as micro-cap equity investments.



## GREATER FLEXIBILITY

*Through fully-invested portfolios*

Unlike open-end funds, CEFs don't need to manage daily inflows and outflows from investors buying and selling shares. This means the funds can remain fully invested in their strategy, rather than needing to hold cash aside like an open-end fund. It also provides the freedom to take a longer-term view, and employ techniques such as leverage to potentially boost income.

## CEFs offer

a wide array of income solutions covering nearly every asset class.

Municipal Bonds

Senior Loans

Real Assets

Preferred Securities

Multi-Strategy  
(including Convertibles and Sovereign Debt)

Value Equity

High Yield

Equity Options

Global Debt

Global Equity

Dividend Growth Equity

Mortgage-Backed Securities

Taxable Municipals

Master Limited Partnerships (MLPs)

Global Infrastructure

Target Term

Emerging Markets Debt

# How can closed-end funds offer more income and diversification potential?

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## ***Broader investment universe***

Closed-end funds (CEFs) can invest in specialized, less liquid corners of the market where open-end funds may not venture, such as alternative securities, real estate, and private placements. They enable individual investors to gain exposure to assets many could not access any other way. However, these types of securities may pose higher risk.

## ***Leverage***

CEFs enjoy greater freedom than open-end funds to employ leverage as part of their strategies. Leverage—that is, borrowing to gain greater investment exposure and potential opportunities—typically magnifies investment returns, leading to higher highs and lower lows.<sup>1</sup> Over longer periods, it has historically boosted income to compensate for its added cost and volatility.

## ***Professionally managed***

CEFs are actively managed with a goal of providing shareholders with consistent and predictable distributions. Product managers work to smooth income streams and manage distributions.

## ***Exchange traded***

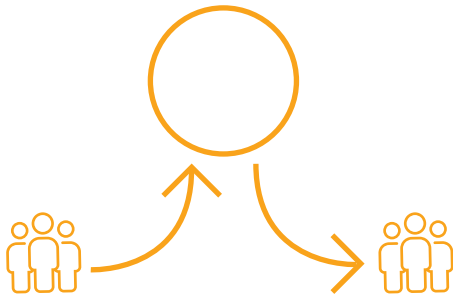
CEFs trade on exchanges, with their share prices determined by supply and demand. Often, shares trade at a discount to the fund's net asset value, giving investors an opportunity to invest at a "bargain." This unique feature of CEFs offer investors greater control over when they buy and sell their shares and at what price.

<sup>1</sup> Leverage typically magnifies the total return of a fund's portfolio, whether that return is positive or negative, and creates an opportunity for increased common share net income as well as higher volatility of net asset value, market price, and distributions. There is no assurance that a fund's leveraging strategy will be successful.

# Open- vs. closed-end funds

## OPEN-END FUNDS

Open-end funds create new shares every time a shareholder invests. When shareholders sell, the fund must have cash on hand to buy back (redeem) the shares at current net asset value.



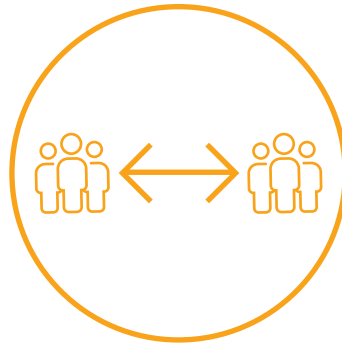
**Need to manage for unpredictable asset base**, hunting for ways to invest large inflows and potentially selling assets at unattractive prices to meet sudden redemptions.

**Cannot invest in many illiquid and alternative assets** due to regulatory restrictions, as well as the need to maintain liquidity.

**Orders transacted once a day** at the close of business, based on the closing net asset value (NAV) per share.<sup>2</sup>

## CLOSED-END FUNDS

After the initial public offering (IPO), CEF shares trade on an exchange between shareholders, like stocks. The fund does not need to be concerned with having enough liquidity to meet redemptions.



**A stable pool of assets**, which enables portfolio managers to stay focused on strategy while taking advantage of longer-term approaches, including leverage.

**Able to invest in a broad universe**, including nearly every equity and fixed income asset class, less liquid and less accessible parts of the market.

**Intraday pricing and trading**, allowing investors greater pricing transparency, flexibility, and the potential to buy shares at a discount to NAV.<sup>3</sup>

The characteristics shown are not all inclusive and represent general attributes of typical investments of the types indicated.

<sup>2</sup> Closed-end fund shares bought during the initial public offering are purchased at the original/IPO NAV plus a sales charge. After the IPO, CEF shares are bought/sold at market price, plus brokerage commission/transaction fees. Mutual fund shares are bought/sold at NAV, plus sales charges.

<sup>3</sup> CEF shares may also trade at a premium to NAV.



# Key concepts of closed-end funds

*These four concepts are key to understanding the value of closed-end funds*

## 1

### PORTFOLIO

The CEF structure enables access to a wide range of portfolio investments, including alternatives

**Portfolio**  
Current income + appreciation

**Fund structure**  
Leverage

Combined portfolio performance plus leverage effects, net of expenses, equals a fund's total return on net asset value

## 2

### FUND STRUCTURE AND LEVERAGE

Many CEFs employ modest financial leverage to increase return and distribution potential

**Fund's total return**  
on net asset value

## 3

### PROFESSIONAL DISTRIBUTION MANAGEMENT

Nuveen seeks to fully convert a fund's total return into smooth, attractive distributions over time

**Distribution management**

### Market pricing on an exchange

Share price determined by market sentiment about a fund's return, distribution, portfolio manager, asset class, and other factors.

## 4

### EXCHANGE LISTING

Share prices are set by supply and demand

**Distributions**  
(monthly or quarterly)

Distributions can be sourced from fund income, appreciation, or capital.

## Why invest with Nuveen?

### Market leadership

*A pioneer in long-term income solutions*

### Focused expertise

*Active management from Nuveen and its independent investment affiliates*

### Deep commitment

*Pursuing long-term, lasting value for advisors and investors*

## To learn more about Nuveen's closed-end funds:

### Investors:

*Contact your Financial Professional.*

### Financial Professionals:

*Contact your Nuveen Advisor Consultant Team at 800.752.8700 or our Nuveen CEF specialist at [CEFSpecialist@nuveen.com](mailto:CEFSpecialist@nuveen.com).*

*Nuveen also offers an educational series. Visit us on the web at [nuveen.com/cef](http://nuveen.com/cef).*

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### Risks and disclosures

It is important to consider the objectives, risks, charges and expenses of any fund before investing. Investing in closed-end funds involves risk; principal loss is possible. There is no guarantee a fund's investment objective will be achieved. Closed-end fund shares may frequently trade at a discount or premium to their net asset value (NAV). When sold, shares may be worth more or less than the purchase price or the net asset value. It is important to consider the objectives, risks, charges and expenses of any fund investing. For this and other information that should be read carefully, please view the prospectus or other current fund information provided by the fund's sponsor.

Open-end mutual funds and CEFs are different types of investment vehicles with different expense structures and different inflows/outflows and distribution requirements. Closed-end fund potential distribution sources include net investment income, realized gains, and return of capital. All investments carry a certain degree of risk and there is no assurance that an investment will provide positive performance over any period of time.

Closed-end fund historical distribution sources have included net investment income, realized gains, and return of capital.

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