

ABERDEEN AUSTRALIA EQUITY FUND INC
Form N-Q
September 24, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS

OF REGISTERED MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number:	811-04438
Exact name of registrant as specified in charter:	Aberdeen Australia Equity Fund, Inc.
Address of principal executive offices:	1735 Market Street, 32 nd Floor Philadelphia, PA 19103
Name and address of agent for service:	Ms. Andrea Melia Aberdeen Asset Management Inc. 1735 Market Street 32 nd Floor Philadelphia, PA 19103
Registrant's telephone number, including area code:	800-522-5465
Date of fiscal year end:	October 31
Date of reporting period:	July 31, 2015

Item 1 Schedule of Investments The Schedule of Investments for the three-month period ended July 31, 2015 is filed herewith.

Portfolio of Investments (unaudited)

As of July 31, 2015

Shares	Description	Value (US\$)
LONG-TERM INVESTMENTS - 98.1% (a)		
COMMON STOCKS - 98.1%		
CONSUMER DISCRETIONARY - 1.8%		
980,500	Tatts Group Ltd.	\$ 2,847,493
CONSUMER STAPLES - 4.4%		
540,300	Coca-Cola Amatil Ltd.	3,657,736
162,200	Woolworths Ltd.	3,383,931
		7,041,667
ENERGY - 5.6%		
143,500	Caltex Australia Ltd.	3,614,920
208,200	Woodside Petroleum Ltd.	5,413,534
		9,028,454
FINANCIALS - 40.3%		
1,611,500	AMP Ltd.	7,766,669
291,800	ASX Ltd.	9,466,874
421,900	Australia & New Zealand Banking Group Ltd.	10,061,663
157,800	Commonwealth Bank of Australia	10,076,211
1,030,000	Medibank Pvt Ltd.(b)	1,571,501
544,600	QBE Insurance Group Ltd.	5,792,981
1,917,223	Scentre Group	5,536,699
993,300	Westfield Corp.	7,264,820
266,700	Westpac Banking Corp. Ltd.	6,781,189
		64,318,607
HEALTH CARE - 12.6%		
79,800	Cochlear Ltd.	5,317,989
130,500	CSL Ltd.	9,427,598
922,000	ResMed, Inc.	5,352,872
		20,098,459
INDUSTRIALS - 1.6%		
317,000	Brambles Ltd.	2,514,555
INFORMATION TECHNOLOGY - 2.1%		
366,400	Computershare Ltd.	3,304,992
MATERIALS - 17.2%		
440,100	Adelaide Brighton Ltd.	1,518,651
245,300	Amcor Ltd.	2,577,515
567,100	BHP Billiton PLC - London Listing	10,416,294
1,296,100	Incitec Pivot Ltd.	3,424,444
217,300	Rio Tinto PLC - London Listing	8,405,404
936,300	South32 Ltd.(b)(c)	1,195,327

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27,537,635

TELECOMMUNICATION SERVICES - 4.7%

1,579,200	Telstra Corp. Ltd.	7,477,644
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UTILITIES - 7.8%

611,300	AGL Energy Ltd.	7,438,458
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4,876,900	AusNet Services	4,954,330
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12,392,788

Total Long-Term Investments - 98.1%

(cost \$161,480,264)	156,562,294
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See Notes to Portfolio of Investments.

Aberdeen Australia Equity Fund, Inc.

Portfolio of Investments (unaudited) (concluded)

As of July 31, 2015

Par Amount	Description	Value (US\$)
SHORT-TERM INVESTMENT - 1.3%		
\$1,996,000	Repurchase Agreement, Fixed Income Clearing Corp., 0.00% dated 07/31/2015, due 08/03/2015 in the amount of \$1,996,000 collateralized by a U.S. Treasury Bond, 3.63%, maturing 08/15/2043; total market value of 2,040,781.	\$ 1,996,000
Total Short-Term Investment - 1.3%		
(cost \$1,996,000)		1,996,000
Total Investments - 99.4%		
(cost \$163,476,264)(d)		158,558,294
Other Assets in Excess of Liabilities - 0.6%		1,023,848
Net Assets - 100.0%		\$ 159,582,142

- (a) Fair Valued Security. Fair Values are determined pursuant to procedures approved by the Fund's Board of Directors. See Note (a) of the accompanying Notes to Portfolio of Investments.
- (b) Non-income producing security.
- (c) Security is not fair valued. See Note (a) of the accompanying Notes to Portfolio of Investments.
- (d) See accompanying Notes to Portfolio of Investments for tax unrealized appreciation/depreciation of securities.

See Notes to Portfolio of Investments.

Aberdeen Australia Equity Fund, Inc.

Notes to Portfolio of Investments (unaudited)

July 31, 2015

Summary of Significant Accounting Policies

a. Security Valuation:

The Fund values its securities at current market value or fair value, consistent with regulatory requirements. Fair value is defined in the Fund's valuation and liquidity procedures as the price that could be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants without a compulsion to contract at the measurement date.

Equity securities that are traded on an exchange are valued at the last quoted sale price on the principal exchange on which the security is traded at the Valuation Time subject to application, when appropriate, of valuation factors described in the paragraph below. The Valuation Time is as of the close of regular trading on the New York Stock Exchange (usually 4:00 p.m. Eastern Time). In the absence of a sale price, the security is valued at the mean of the bid/ask price quoted at the close on the principal exchange on which the security is traded. Securities traded on NASDAQ are valued at the NASDAQ official closing price. Closed-end funds and exchange-traded funds (ETFs) are valued at the market price of the security at the Valuation Time. A security using any of these pricing methodologies is determined to be a Level 1 investment.

Foreign equity securities that are traded on foreign exchanges that close prior to the Valuation Time are valued by applying valuation factors to the last sale price or the mean price as noted above. Valuation factors are provided by an independent pricing service provider. These valuation factors are used when pricing the Fund's portfolio holdings to estimate market movements between the time foreign markets close and the time the Fund values such foreign securities. These valuation factors are based on inputs such as depositary receipts, indices, futures, sector indices/ETFs, exchange rates, and local exchange opening and closing prices of each security. When prices with the application of valuation factors are utilized, the value assigned to the foreign securities may not be the same as quoted or published prices of the securities on their primary markets. A security that applies a valuation factor is determined to be a Level 2 investment because the exchange-traded price has been adjusted. Valuation factors are not utilized if the independent pricing service provider is unable to provide a valuation factor or if the valuation factor falls below a predetermined threshold; in such case, the security is determined to be a Level 1 investment.

In the event that a security's market quotations are not readily available or are deemed unreliable (for reasons other than because the foreign exchange on which they trade closed before the Valuation Time), the security is valued at fair value as determined by the Fund's Pricing Committee, taking into account the relevant factors and surrounding circumstances using valuation policies and procedures approved and established by the Board. A security that has been fair valued by the Pricing Committee may be classified as Level 2 or 3 depending on the nature of the inputs.

In accordance with the authoritative guidance on fair value measurements and disclosures under accounting principles generally accepted in the United States of America, (GAAP), the Fund discloses the fair value of its investments using a three-level hierarchy that classifies the inputs to valuation techniques used to measure the fair value. The hierarchy assigns Level 1 measurements to valuations based upon unadjusted quoted prices in active markets for identical assets, Level 2 measurements to valuations based upon significant observable inputs, including adjusted quoted prices in active markets for identical assets, and Level 3 measurements to valuations based upon unobservable inputs that are significant to the valuation. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability, which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement.

The three-level hierarchy of inputs is summarized below:

Level 1 quoted prices in active markets for identical investments;

Notes to Portfolio of Investments (unaudited) (concluded)**July 31, 2015**

Level 2 other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, and credit risk); or

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The following is a summary of the inputs used as of July 31, 2015 in valuing the Fund's investments at fair value. The inputs or methodologies used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Please refer to the Portfolio of Investments for a detailed breakout of the security types:

	Level 1	Level 2	Level 3	Total
Investments, at Value				
Long-Term Investments				
Materials	\$ 1,195,327	\$ 26,342,308	\$	\$ 27,537,635
Other		129,024,659		129,024,659
Short-Term Investment				
		1,996,000		1,996,000
Total	\$ 1,195,327	\$ 157,362,967	\$	\$ 158,558,294

Amounts listed as are \$0 or round to \$0.

For movements between the Levels within the fair value hierarchy, the Fund has adopted a policy of recognizing transfers at the end of each period. During the period ended July 31, 2015, there were no transfers between Levels 1, 2 or 3. For the period ended July 31, 2015, there have been no significant changes to the fair valuation methodologies.

b. Repurchase Agreements:

The Fund may enter into repurchase agreements under the terms of a Master Repurchase Agreement. It is the Fund's policy that its custodian/counterparty segregate the underlying collateral securities, the value of which exceeds the principal amount of the repurchase transaction, including accrued interest. The repurchase price generally equals the price paid by the Fund plus interest negotiated on the basis of current short-term rates. To the extent that any repurchase transaction exceeds one business day, the collateral is valued on a daily basis to determine its adequacy. Under the Master Repurchase Agreement, if the counterparty defaults and the value of the collateral declines, or if bankruptcy proceedings are commenced with respect to the counterparty of the security, realization of the collateral by the Fund may be delayed or limited. Repurchase agreements are subject to contractual netting arrangements with the counterparty, Fixed Income Clearing Corp. For additional information on individual repurchase agreements, see the Portfolio of Investments. The Fund held a repurchase agreement of \$1,996,000 as of July 31, 2015. The value of the related collateral exceeded the value of the repurchase agreement at July 31, 2015.

c. Federal Income Taxes:

The U.S. federal income tax basis of the Fund's investments and the net unrealized appreciation as of July 31, 2015 were as follows:

Cost	Appreciation	Depreciation	Net Unrealized Appreciation
\$137,325,739	\$32,264,613	\$ (11,032,058)	\$21,232,555

Aberdeen Australia Equity Fund, Inc.

Item 2 Controls and Procedures

- (a) The Registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the Investment Company Act of 1940 (17 CFR 270.30a-3(b)) and Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There was no change in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940 (17 CFR 270.30a-3(d))) that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits

- (a) Certification of Principal Executive Officer and Principal Financial Officer of the Registrant as required by Rule 30a-2(a) under the Investment Company Act of 1940 (17 CFR 270.30a-2(a)) is attached hereto as Exhibit 99.302CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Aberdeen Australia Equity Fund, Inc.

By: */s/ Christian Pittard*
Christian Pittard,

Principal Executive Officer of

Aberdeen Australia Equity Fund, Inc.

Date: September 24, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: */s/ Christian Pittard*
Christian Pittard,

Principal Executive Officer of

Aberdeen Australia Equity Fund, Inc.

Date: September 24, 2015

By: */s/ Andrea Melia*
Andrea Melia,

Principal Financial Officer of

Aberdeen Australia Equity Fund, Inc.

Date: September 24, 2015

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5.125%, 12/01/27 – RAAI Insured

12/17 at 100.00
N/R

841,615

2,000

5.250%, 12/01/36 – RAAI Insured

12/17 at 100.00
N/R

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	1,664,660
	1,000
Plaza Metropolitan District 1, Lakewood, Colorado, Tax Increment Revenue Bonds, Series 2003, 8.000%, 12/01/25	6/14 at 101.00
	N/R
	1,009,510
	630
Regional Transportation District, Colorado, Certificates of Participation, Series 2010A, 5.375%, 6/01/31	6/20 at 100.00
	Aa3
	669,098
	32,835
Total Colorado	32,346,117
Connecticut – 0.3% (0.2% of Total Investments)	
	1,500
Connecticut Health and Educational Facilities Authority, Revenue Bonds, Hartford Healthcare, Series 2011A, 5.000%, 7/01/41	7/21 at 100.00
	A
	1,491,855
Delaware – 0.1% (0.1% of Total Investments)	
	520
Delaware State Housing Authority, Multifamily Mortgage Revenue Bonds, Series 2001A, 5.400%, 7/01/24	7/12 at 100.00
	Aa3
	536,853
District of Columbia – 0.8% (0.6% of Total Investments)	
	1,335
Washington Convention Center Authority, District of Columbia, Dedicated Tax Revenue Bonds, Tender Option Bond Trust 1606, 11.616%, 10/01/30 – AMBAC Insured (IF)	

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	10/16 at 100.00	
	AA+	
		1,367,360
		3,335
Washington Convention Center Authority, District of Columbia, Dedicated Tax Revenue Bonds, Tender Option Bond Trust 1730, 11.592%, 10/01/30 – AMBAC Insured (IF)	10/16 at 100.00	
	AA+	
		3,415,840
		4,670
Total District of Columbia		4,783,200
Florida – 3.3% (2.3% of Total Investments)		4,980
Broward County, Florida, Airport System Revenue Refunding Bonds, Series 2009O, 5.375%, 10/01/29	10/19 at 100.00	
	A+	
		5,241,898
Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G:		1,105
5.400%, 12/01/32 – AGM Insured	12/11 at 100.00	
	AA+	
		1,105,343
		2,195
5.450%, 12/01/41 – AGM Insured	12/11 at 100.00	
	AA+	
		2,195,329
		5,000

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Orlando-Orange County Expressway Authority, Florida, Expressway Revenue Bonds, Series 2003B, 5.000%, 7/01/30 –
AMBAC Insured

7/13 at 100.00
A

5,059,050

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Florida (continued)			
\$ 5,455	South Miami Health Facilities Authority, Florida, Hospital Revenue, Baptist Health System Obligation Group, Series 2007, 5.000%, 8/15/42 (UB)	8/17 at 100.00	AA	\$ 5,450,309
1,000	Tolomato Community Development District, Florida, Special Assessment Bonds, Series 2007, 6.650%, 5/01/40 (5)	5/18 at 100.00	N/R	623,180
19,735	Total Florida			19,675,109
	Georgia – 4.9% (3.4% of Total Investments)			
15,000	Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2010C, 5.250%, 1/01/30	1/21 at 100.00	A1	15,842,250
2,700	Atlanta, Georgia, Tax Allocation Bonds, Atlantic Station Project, Series 2001, 7.900%, 12/01/24 (Pre-refunded 12/01/11)	12/11 at 101.00	AAA	2,744,280
3,000	Franklin County Industrial Building Authority, Georgia, Revenue Bonds, Ty Cobb Regional Medical Center Project, Series 2010, 8.125%, 12/01/45	12/20 at 100.00	N/R	3,072,660
2,000	Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care, Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42	7/17 at 100.00	N/R	1,363,700
5,000	Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 2004, 5.000%, 1/01/35 – FGIC Insured	1/14 at 100.00	AA–	5,127,050
500	Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside Military Academy Project, Series 2007, 5.125%, 3/01/37	3/17 at 100.00	N/R	367,470
28,200	Total Georgia			28,517,410
	Illinois – 12.4% (8.6% of Total Investments)			
2,200	Chicago Transit Authority, Illinois, Sales Tax Receipts Revenue Bonds, Series 2011, 5.250%, 12/01/40 (WI/DD, Settling 11/04/11)	12/21 at 100.00	AA	2,270,312
8,375	Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A, 5.500%, 1/01/19 – AGM Insured (Alternative Minimum Tax)	1/12 at 100.00	AA+	8,399,706
4,950	Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O’Hare International Airport, Series 2001A, 5.375%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	A2	4,950,297
2,220	Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 – NCFG Insured	No Opt. Call	Aa3	2,462,868
1,165	Chicago, Illinois, Third Lien General Airport Revenue Bonds, O’Hare International Airport, Series 2005A, 5.000%, 1/01/33 – FGIC Insured	1/16 at 100.00	A1	1,172,095
8,875			AA	9,174,798

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	Cook County, Illinois, General Obligation Bonds, Refunding Series 2010A, 5.250%, 11/15/33	11/20 at 100.00		
2,415	Illinois Finance Authority, General Obligation Debt Certificates, Local Government Program – Kankakee County, Series 2005B, 5.000%, 12/01/24 – AMBAC Insured	12/14 at 100.00	A2	2,471,028
3,465	Illinois Finance Authority, Revenue Bonds, Sherman Health Systems, Series 2007A, 5.500%, 8/01/37	8/17 at 100.00	BBB	3,190,052
9,000	Illinois Health Facilities Authority, Revenue Bonds, Covenant Retirement Communities Inc., Series 2001, 5.875%, 12/01/31	12/11 at 101.00	BBB–	9,009,900
5,000	Lake County School District 38, Big Hollow, Illinois, General Obligation Bonds, Series 2005, 0.000%, 2/01/22 – AMBAC Insured	No Opt. Call	N/R	2,727,200
7,000	Lombard Public Facilities Corporation, Illinois, First Tier Conference Center and Hotel Revenue Bonds, Series 2005A-1, 7.125%, 1/01/36	1/16 at 100.00	N/R	4,707,430
12,000	Metropolitan Pier and Exposition Authority, Illinois, McCormick Place Expansion Project Refunding Bonds, Series 2010A, 5.500%, 6/15/50	6/20 at 100.00	AAA	12,276,120
45,000	Metropolitan Pier and Exposition Authority, Illinois, Revenue Bonds, McCormick Place Expansion Project, Capital Appreciation Refunding Series 2010B-1, 0.000%, 6/15/43 – AGM Insured	No Opt. Call	AAA	6,719,400
2,790	Metropolitan Pier and Exposition Authority, Illinois, Revenue Refunding Bonds, McCormick Place Expansion Project, Series 1998A, 5.500%, 6/15/29 – FGIC Insured	No Opt. Call	AAA	3,107,669
114,455	Total Illinois			72,638,875
	Indiana – 6.5% (4.5% of Total Investments)			
	Clark-Pleasant Community School Building Corporation, Indiana, First Mortgage Bonds, Series 2001:			
1,255	5.000%, 7/15/21 (Pre-refunded 1/15/12) – AMBAC Insured	1/12 at 100.00	AA+ (4)	1,267,425
1,000	5.000%, 1/15/26 (Pre-refunded 1/15/12) – AMBAC Insured	1/12 at 100.00	AA+ (4)	1,009,900

Nuveen Investments

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Nuveen Dividend Advantage Municipal Fund 3 (continued)
 Portfolio of Investments
 NZF
 October 31, 2011

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Indiana (continued)			
	Evansville Vanderburgh Public Library Lease Corporation, Indiana, First Mortgage Bonds, Series 2001:			
\$ 2,000	5.750%, 7/15/18 (Pre-refunded 1/15/12) – NPF Insured	1/12 at 100.00	A+ (4)	\$ 2,022,880
2,750	5.125%, 1/15/24 (Pre-refunded 1/15/12) – NPF Insured	1/12 at 100.00	A+ (4)	2,777,940
1,250	Hamilton Southeastern Cumberland Campus School Building Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.125%, 1/15/23 (Pre-refunded 1/15/12) – AMBAC Insured	1/12 at 100.00	A (4)	1,262,700
6,885	Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 – NPF Insured	2/12 at 100.00	Baa1	6,903,176
4,230	Indiana Finance Authority, Educational Facilities Revenue Bonds, Tudor Park Foundation, Series 2005B, 5.000%, 6/01/24	6/15 at 100.00	Aa3	4,420,646
6,700	Indiana Finance Authority, Wastewater Utility Revenue Bonds, CWA Authority Project, Series 2011B, 5.000%, 10/01/41	10/21 at 100.00	AA–	6,812,426
2,600	Indiana Health Facility Financing Authority, Revenue Bonds, Community Hospitals of Indiana, Series 2005A, 5.000%, 5/01/35 – AMBAC Insured	5/15 at 100.00	A	2,541,994
3,500	University of Southern Indiana, Student Fee Revenue Bonds, Series 2001H, 5.000%, 10/01/21 – AMBAC Insured	4/12 at 100.00	A1	3,505,250
	Vigo County Hospital Authority, Indiana, Revenue Bonds, Union Hospital, Series 2007:			
2,500	5.750%, 9/01/42	9/17 at 100.00	N/R	2,269,825
2,500	5.800%, 9/01/47	9/17 at 100.00	N/R	2,277,575
1,090	Wayne County Jail Holding Corporation, Indiana, First Mortgage Bonds, Series 2001, 5.500%, 7/15/22 (Pre-refunded 1/15/13) – AMBAC Insured	1/13 at 101.00	A1 (4)	1,168,349
38,260	Total Indiana			38,240,086
	Iowa – 0.5% (0.3% of Total Investments)			
2,000	Iowa Finance Authority, Healthcare Revenue Bonds, Great River Medical Center, Series 2001, 5.250%, 5/15/31 – AGM Insured	11/11 at 100.00	Aa3	2,000,080
1,000	Iowa Tobacco Settlement Authority, Asset Backed Settlement Revenue Bonds, Series 2005C, 5.625%,	6/15 at 100.00	BBB	717,460

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	6/01/46				
3,000	Total Iowa				2,717,540
	Kansas – 0.3% (0.2% of Total Investments)				
	Manhattan Health Care Facility Revenue Bonds, Kansas, Meadowlarks Hills Retirement, Series 2007B:				
1,000	5.125%, 5/15/37	5/14 at 103.00	N/R		818,730
1,000	5.125%, 5/15/42	5/14 at 103.00	N/R		805,810
2,000	Total Kansas				1,624,540
	Kentucky – 1.2% (0.8% of Total Investments)				
1,000	Kentucky Economic Development Finance Authority, Louisville Arena Project Revenue Bonds, Louisville Arena Authority, Inc., Series 2008-A1, 6.000%, 12/01/42 – AGC Insured	6/18 at 100.00	AA+		1,060,350
5,400	Lexington-Fayette Urban County Government Public Facilities Corporation, Kentucky State Lease Revenue Bonds, Eastern State Hospital Project, Series 2011A, 5.250%, 6/01/29	6/21 at 100.00	Aa3		5,744,682
6,400	Total Kentucky				6,805,032
	Louisiana – 7.6% (5.3% of Total Investments)				
2,000	Jefferson Parish Hospital Service District 2, Louisiana, Hospital Revenue Bonds, East Jefferson General Hospital, Refunding Series 2011, 6.375%, 7/01/41	7/21 at 100.00	Baa2		2,005,500
3,000	Louisiana Local Government Environmental Facilities & Community Development Authority, Revenue Bonds, Westlake Chemical Corporation Project, Series 2007, 6.750%, 11/01/32	11/17 at 100.00	BBB–		3,136,680
10,000	Louisiana Public Facilities Authority, Revenue Bonds, Loyola University Project, Refunding Series 2011, 5.000%, 10/01/41	10/21 at 100.00	A+		10,003,400
3,700	Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2007A, 5.500%, 5/15/47	5/17 at 100.00	Baa1		3,550,779
4,425	Louisiana Public Facilities Authority, Revenue Bonds, Ochsner Clinic Foundation Project, Series 2011, 6.750%, 5/15/41	5/21 at 100.00	Baa1		4,785,107
20,890	Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39	11/11 at 101.00	A–		20,903,787
44,015	Total Louisiana				44,385,253

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Maine – 0.2% (0.1% of Total Investments)			
\$ 1,075	Maine State Housing Authority, Single Family Mortgage Purchase Bonds, Series 2001B, 5.500%, 11/15/32 (Alternative Minimum Tax)	11/11 at 100.00	AA+	\$ 1,075,409
	Maryland – 2.4% (1.7% of Total Investments)			
1,000	Howard County, Maryland, Retirement Community Revenue Bonds, Vantage House, Series 2007B, 5.250%, 4/01/37	4/17 at 100.00	N/R	714,240
1,135	Maryland Community Development Administration, Insured Multifamily Housing Mortgage Loan Revenue Bonds, Series 2001B, 5.250%, 7/01/21 (Pre-refunded 11/21/11) (Alternative Minimum Tax)	11/11 at 100.00	Aa2 (4)	1,137,894
2,000	Maryland Economic Development Corporation, Revenue Bonds, Chesapeake Bay Hyatt Conference Center, Series 2006A, 5.000%, 12/01/31	12/16 at 100.00	N/R	1,242,520
10,600	Maryland Energy Financing Administration, Revenue Bonds, AES Warrior Run Project, Series 1995, 7.400%, 9/01/19 (Alternative Minimum Tax)	3/12 at 100.00	N/R	10,674,200
555	Maryland Health and Higher Educational Facilities Authority, Revenue Bonds, Mercy Ridge Retirement Community, Series 2007, 4.750%, 7/01/34	7/17 at 100.00	A–	513,930
15,290	Total Maryland			14,282,784
	Massachusetts – 3.6% (2.5% of Total Investments)			
1,375	Massachusetts Development Finance Agency, Revenue Bonds, Orchard Cove, Series 2007, 5.250%, 10/01/26	10/12 at 102.00	N/R	1,175,941
1,000	Massachusetts Health and Educational Facilities Authority, Revenue Bonds, Milton Hospital Project, Series 2005D, 5.250%, 7/01/30	7/15 at 100.00	BB–	844,850
1,600	Massachusetts Health and Educational Facilities Authority, Revenue Refunding Bonds, Suffolk University Issue, Series 2009A, 5.750%, 7/01/39	7/19 at 100.00	BBB	1,605,264
1,505	Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 2008, Trust 3145, 15.393%, 6/01/16 (IF)	No Opt. Call	AA	1,589,491
400	Massachusetts Port Authority, Special Facilities Revenue Bonds, ConRac Project, Series 2011A, 5.125%, 7/01/41	7/21 at 100.00	A	413,216
5,000	Massachusetts Port Authority, Special Facilities Revenue Bonds, Delta Air Lines Inc., Series 2001A, 5.500%, 1/01/18 – AMBAC Insured (Alternative Minimum Tax)	1/12 at 100.00	N/R	4,617,700
3,465	Massachusetts Water Resources Authority, General Revenue Bonds, Series 2007A, 4.500%, 8/01/46 – AGM Insured (UB), (6)	2/17 at 100.00	AA+	3,480,558
7,165	Metropolitan Boston, Massachusetts, Transit Parking Corporation, Systemwide Parking Revenue	7/21 at 100.00	A+	7,316,038

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	Bonds, Senior Lien Series 2011, 5.000%, 7/01/41			
21,510	Total Massachusetts			21,043,058
	Michigan – 8.1% (5.6% of Total Investments)			
15,000	Detroit City School District, Wayne County, Michigan, Unlimited Tax School Building and Site Improvement Bonds, Series 2001A, 6.000%, 5/01/29 – AGM Insured (UB)	No Opt. Call	Aa2	16,602,150
2,000	Garden City Hospital Finance Authority, Michigan, Revenue Bonds, Garden City Hospital Obligated Group, Series 2007A, 5.000%, 8/15/38	8/17 at 100.00	N/R	1,420,560
2,750	Lansing Board of Water and Light, Michigan, Utility System Revenue Bonds Series 2011A, 5.500%, 7/01/41	7/21 at 100.00	AA–	3,032,618
5,000	Michigan Finance Authority, Revenue Bonds, Trinity Health Credit Group, Refunding Series 2011, 5.000%, 12/01/39	No Opt. Call	AA	4,988,550
2,250	Michigan State Building Authority, Revenue Refunding Bonds, Facilities Program, Series 2011-I-A, 5.375%, 10/15/41	No Opt. Call	Aa3	2,413,080
2,395	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sisters of Mercy Health Corporation, Series 1993P, 5.375%, 8/15/14 – NPMG Insured (ETM)	No Opt. Call	BBB (4)	2,563,369
2,865	Michigan State Hospital Finance Authority, Revenue Bonds, Trinity Health Care Group, Series 2006A, 5.000%, 12/01/31 (UB)	12/16 at 100.00	AA	2,913,075
635	Michigan State Hospital Finance Authority, Revenue Bonds, Trinity Health Care Group, Series 2006A, 5.000%, 12/01/31 (Pre-refunded 12/01/16) (UB)	12/16 at 100.00	N/R (4)	748,595
12,640	Royal Oak Hospital Finance Authority, Michigan, Hospital Revenue Bonds, William Beaumont Hospital, Series 2001M, 5.250%, 11/15/31 – NPMG Insured	11/11 at 100.00	A1	12,639,494
45,535	Total Michigan			47,321,491

Nuveen Investments

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Nuveen Dividend Advantage Municipal Fund 3 (continued)
Portfolio of Investments

NZF
October 31, 2011

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Minnesota – 1.2% (0.9% of Total Investments)			
\$ 2,185	Dakota County Community Development Agency, Minnesota, GNMA Collateralized Multifamily Housing Revenue Bonds, Rose Apartments Project, Series 2001, 6.350%, 10/20/37 (Alternative Minimum Tax)	4/12 at 105.00	Aaa	\$ 2,265,233
3,000	Minnesota State, General Obligation Bonds, Various Purpose, Refunding Series 2010D, 5.000%, 8/01/18	No Opt. Call	AA+	3,625,770
1,375	Saint Paul Port Authority, Minnesota, Lease Revenue Bonds, Regions Hospital Parking Ramp Project, Series 2007-1, 5.000%, 8/01/36	8/16 at 100.00	N/R	1,245,503
6,560	Total Minnesota			7,136,506
	Mississippi – 0.9% (0.6% of Total Investments)			
2,155	Mississippi Business Finance Corporation, GNMA Collateralized Retirement Facility Mortgage Revenue Refunding Bonds, Aldersgate Retirement Community Inc. Project, Series 1999A, 5.450%, 5/20/34	11/11 at 101.00	AA+	2,163,469
3,000	Mississippi Hospital Equipment and Facilities Authority, Revenue Bonds, Baptist Memorial Healthcare, Series 2004B-1, 5.000%, 9/01/24 (UB)	9/14 at 100.00	AA	3,091,200
5,155	Total Mississippi			5,254,669
	Missouri – 3.3% (2.3% of Total Investments)			
1,495	Cape Girardeau County Industrial Development Authority, Missouri, Health Facilities Revenue Bonds, Southeast Missouri Hospital Association, Series 2007, 5.000%, 6/01/36	6/17 at 100.00	N/R	1,333,017
1,000	Clinton County Industrial Development Authority, Missouri, Revenue Bonds, Cameron Regional Medical Center, Series 2007, 5.000%, 12/01/32	12/17 at 100.00	N/R	813,320
1,825	Fenton, Missouri, Tax Increment Refunding and Improvement Revenue Bonds, Gravois Bluffs Redevelopment Project, Series 2002, 6.125%, 10/01/21 (Pre-refunded 10/01/12)	10/12 at 100.00	N/R (4)	1,922,838
	Missouri Development Finance Board, Cultural Facilities Revenue Bonds, Nelson Gallery Foundation, Series 2001A:			
3,335	5.250%, 12/01/19 (Pre-refunded 12/01/11) – NPFG Insured	12/11 at 100.00	AA– (4)	3,348,974
3,510	5.250%, 12/01/20 (Pre-refunded 12/01/11) – NPFG Insured	12/11 at 100.00	AA– (4)	3,524,707
3,695	5.250%, 12/01/21 (Pre-refunded 12/01/11) – NPFG Insured	12/11 at 100.00	AA– (4)	3,710,482

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2,040	5.250%, 12/01/22 (Pre-refunded 12/01/11) – NPMG Insured	12/11 at 100.00	AA– (4)	2,048,548
2,500	Missouri Health and Educational Facilities Authority, Revenue Bonds, Washington University, Series 2011B, 5.000%, 11/15/37	11/21 at 100.00	AAA	2,760,500
19,400	Total Missouri			19,462,386
	Montana – 0.9% (0.6% of Total Investments)			
5,000	Montana Board of Investments, Exempt Facility Revenue Bonds, Stillwater Mining Company, Series 2000, 8.000%, 7/01/20 (Alternative Minimum Tax)	7/12 at 100.00	B+	5,037,950
	Nebraska – 1.1% (0.7% of Total Investments)			
4,330	Nebraska Investment Finance Authority, Single Family Housing Revenue Bonds, Series 2010A, 6.050%, 9/01/41	2/17 at 100.00	AA+	4,689,693
1,005	Omaha Public Power District, Nebraska, Separate Electric System Revenue Bonds, Nebraska City 2, Series 2006A, Trust 11673, 19.838%, 8/01/40 – AMBAC Insured (IF)	2/17 at 100.00	AA+	1,578,041
5,335	Total Nebraska			6,267,734
	Nevada – 6.3% (4.4% of Total Investments)			
10,000	Clark County, Nevada, Airport Revenue Bonds, Subordinate Lien Series 2010B, 5.750%, 7/01/42	1/20 at 100.00	Aa3	10,736,200
6,000	Clark County, Nevada, Passenger Facility Charge Revenue Bonds, Las Vegas-McCarran International Airport, Series 2010A, 5.250%, 7/01/42	1/20 at 100.00	Aa3	6,174,120
2,000	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, First Tier, Series 2000, 5.375%, 1/01/40 – AMBAC Insured (5)	1/12 at 100.00	N/R	460,000
4,000	Director of Nevada State Department of Business and Industry, Revenue Bonds, Las Vegas Monorail Project, Second Tier, Series 2000, 7.375%, 1/01/40 (5)	1/12 at 100.00	N/R	5,960
5,000	Henderson, Nevada, General Obligation Sewer Bonds, Series 2004, 5.000%, 6/01/34 – FGIC Insured	12/14 at 100.00	AA+	5,099,150
10,000	Las Vegas Valley Water District, Nevada, Limited Tax General Obligation Bonds, Water & Refunding Series 2011C, 5.000%, 6/01/38	6/21 at 100.00	AA+	10,248,300
4,290	University of Nevada, Revenue Bonds, Community College System, Series 2001A, 5.250%, 7/01/26 (Pre-refunded 1/01/12) – FGIC Insured	1/12 at 100.00	Aa2 (4)	4,326,251
41,290	Total Nevada			37,049,981

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	New Hampshire – 0.3% (0.2% of Total Investments)			
\$ 2,000	New Hampshire Health and Education Authority, Hospital Revenue Bonds, Concord Hospital, Series 2001, 5.500%, 10/01/21 – AGM Insured	10/12 at 100.50	Aa3	\$ 2,022,980
	New Jersey – 4.9% (3.4% of Total Investments)			
10,000	New Jersey Economic Development Authority, Water Facilities Revenue Bonds, American Water Company, Series 2002A, 5.250%, 11/01/32 – AMBAC Insured (Alternative Minimum Tax)	11/12 at 101.00	A2	10,127,600
620	New Jersey Health Care Facilities Financing Authority, Revenue Bonds, Somerset Medical Center, Series 2003, 5.500%, 7/01/33	7/13 at 100.00	Ba2	484,834
4,125	New Jersey Transit Corporation, Certificates of Participation, Federal Transit Administration Grants, Series 2002A, 5.500%, 9/15/13 – AMBAC Insured	No Opt. Call	Aa3	4,420,144
12,970	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Capital Appreciation Series 2010A, 0.000%, 12/15/33	No Opt. Call	A+	3,451,187
20,000	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/33 – AGM Insured	No Opt. Call	AA–	5,553,000
7,045	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A, 4.750%, 6/01/34	6/17 at 100.00	BB+	4,734,733
54,760	Total New Jersey			28,771,498
	New York – 7.0% (4.9% of Total Investments)			
900	Albany Industrial Development Agency, New York, Revenue Bonds, Brighter Choice Charter Schools, Series 2007A, 5.000%, 4/01/32	4/17 at 100.00	N/R	763,830
	Brooklyn Arena Local Development Corporation, New York, Payment in Lieu of Taxes Revenue Bonds, Barclays Center Project, Series 2009:			
1,275	6.000%, 7/15/30	1/20 at 100.00	BBB–	1,325,477
3,400	0.000%, 7/15/44	No Opt. Call	BBB–	447,848
4,675	Dormitory Authority of the State of New York, State Personal Income Tax Revenue Bonds, General Purpose Series 2011C, 5.000%, 3/15/41	3/21 at 100.00	AAA	4,978,875
1,780	East Rochester Housing Authority, New York, GNMA Secured Revenue Bonds, Gates Senior Housing Inc., Series 2001, 5.300%, 4/20/31	4/12 at 101.00	N/R	1,782,528
2,100	Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Senior Fiscal 2012 Series 2011A, 5.750%, 2/15/47	No Opt. Call	A	2,227,722
5,010	Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series 2006A, 4.500%, 2/15/47 – NPMFG Insured	2/17 at 100.00	A	4,561,705

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2,800	Long Island Power Authority, New York, Electric System Revenue Bonds, Series 2011A, 5.000%, 5/01/36 – AGM Insured	5/21 at 100.00	AA+	2,941,512
750	Metropolitan Transportation Authority, New York, Transportation Revenue Bonds, Series 2011A, 5.000%, 11/15/41	11/21 at 100.00	A	775,418
4,155	Monroe County Airport Authority, New York, Revenue Refunding Bonds, Greater Rochester International Airport, Series 1999, 5.750%, 1/01/13 – NPMFG Insured (Alternative Minimum Tax)	No Opt. Call	Baa1	4,315,258
8,000	New York City Industrial Development Agency, New York, American Airlines-JFK International Airport Special Facility Revenue Bonds, Series 2005, 7.750%, 8/01/31 (Alternative Minimum Tax)	8/16 at 101.00	B–	7,428,880
3,125	New York City Municipal Water Finance Authority, New York, Water and Sewer System Revenue Bonds, Second Generation Resolution, Fiscal 2011 Series EE, 5.375%, 6/15/43	12/20 at 100.00	AA+	3,441,781
910	New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 – NPMFG Insured	8/12 at 100.00	AA	942,978
1,590	New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 (Pre-refunded 8/01/12) – NPMFG Insured	8/12 at 100.00	AA (4)	1,654,141
3,000	New York State Power Authority, General Revenue Bonds, Series 2011A, 5.000%, 11/15/38	11/21 at 100.00	Aa2	3,234,420
43,470	Total New York			40,822,373
	North Carolina – 1.1% (0.8% of Total Investments)			
1,710	Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue Bonds, Series 2008, Trust 1149, 14.799%, 7/15/32 (IF), (6)	1/18 at 100.00	AA–	1,742,781
1,200	Charlotte-Mecklenburg Hospital Authority, North Carolina, Health Care System Revenue Bonds, Carolinas Health Care, Series 2007A, 5.000%, 1/15/31	1/17 at 100.00	AA–	1,226,652
1,750	Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 4.875%, 1/15/32 (Pre-refunded 1/15/15)	1/15 at 100.00	AA+ (4)	1,975,820

Nuveen Investments

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NZF Nuveen Dividend Advantage Municipal Fund 3 (continued)
Portfolio of Investments

					October 31, 2011
Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value	
North Carolina (continued)					
\$ 515	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13 (ETM)	No Opt. Call	N/R (4)	\$	545,946
1,085	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13	No Opt. Call	A		1,144,935
6,260	Total North Carolina				6,636,134
Ohio – 2.0% (1.4% of Total Investments)					
Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2:					
4,735	5.125%, 6/01/24	6/17 at 100.00	BB–		3,648,365
710	5.875%, 6/01/30	6/17 at 100.00	BB–		536,817
685	5.750%, 6/01/34	6/17 at 100.00	BB–		497,146
1,570	5.875%, 6/01/47	6/17 at 100.00	BB–		1,115,297
5,800	Franklin County, Ohio, Hospital Revenue Bonds, Ohio Health Corporation, Series 2011A, 5.000%, 11/15/41	11/21 at 100.00	AA		5,833,988
13,500	Total Ohio				11,631,613
Oklahoma – 2.0% (1.4% of Total Investments)					
Oklahoma Development Finance Authority, Revenue Bonds, Saint John Health System, Series 2007:					
4,370	5.000%, 2/15/37	2/17 at 100.00	A		4,421,260
955	5.000%, 2/15/42	2/17 at 100.00	A		963,538
6,305	Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2006, 5.000%, 12/15/36 (UB)	12/16 at 100.00	AA+		6,399,890
88	Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2008, Trust 3500, 8.415%, 6/15/30 (IF)	12/16 at 100.00	AA+		90,408
11,718	Total Oklahoma				11,875,096
Oregon – 0.8% (0.6% of Total Investments)					
4,700	Oregon Health, Housing, Educational and Cultural Facilities Authority, Revenue Bonds, PeaceHealth	11/11 at 101.00	A+		4,753,392

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	Project, Series 2001, 5.250%, 11/15/21 – AMBAC Insured			
	Pennsylvania – 1.7% (1.2% of Total Investments)			
500	Bucks County Industrial Development Authority, Pennsylvania, Charter School Revenue Bonds, School Lane Charter School, Series 2007A, 5.000%, 3/15/37	3/17 at 100.00	BBB	417,070
3,500	Pennsylvania Economic Development Financing Authority, Senior Lien Resource Recovery Revenue Bonds, Northampton Generating Project, Series 1994A, 6.600%, 1/01/19 (Alternative Minimum Tax)	1/12 at 100.00	CC	1,981,140
1,400	Pennsylvania Higher Educational Facilities Authority, Revenue Bonds, St. Joseph’s University, Series 2010A, 5.000%, 11/01/40	11/20 at 100.00	A–	1,419,754
5,705	Philadelphia School District, Pennsylvania, General Obligation Bonds, Series 2002B, 5.625%, 8/01/16 (Pre-refunded 8/01/12) – FGIC Insured	8/12 at 100.00	Aa2 (4)	5,935,140
11,105	Total Pennsylvania			9,753,104
	Puerto Rico – 0.4% (0.3% of Total Investments)			
2,500	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, Series 2007A, 5.250%, 8/01/57	8/17 at 100.00	Aa2	2,570,800
	Tennessee – 0.3% (0.2% of Total Investments)			
3,680	Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Refunding Bonds, Covenant Health, Series 2006, 0.000%, 1/01/41	1/17 at 30.07	A	627,477
275	Sullivan County Health Educational and Housing Facilities Board, Tennessee, Revenue Bonds, Wellmont Health System, Series 2006C, 5.250%, 9/01/36	9/16 at 100.00	BBB+	259,515
	Sumner County Health, Educational, and Housing Facilities Board, Tennessee, Revenue Refunding Bonds, Sumner Regional Health System Inc., Series 2007:			
800	5.500%, 11/01/37 (5), (7)	11/17 at 100.00	N/R	59,280
2,800	5.500%, 11/01/46 (5), (7)	11/17 at 100.00	N/R	207,480
660	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2001-3A, 5.200%, 7/01/22 (Alternative Minimum Tax)	1/12 at 100.00	AA+	660,403
8,215	Total Tennessee			1,814,155

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Texas – 18.0% (12.6% of Total Investments)			
\$ 5,445	Board of Regents, University of Texas System, Financing System Revenue Bonds, Series 2006F, 4.250%, 8/15/36 (UB)	2/17 at 100.00	AAA	\$ 5,515,513
2,700	Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds, Series 2011, 6.250%, 1/01/46	1/21 at 100.00	BBB–	2,753,460
4,500	Colorado River Municipal Water District, Texas, Water System Revenue Bonds, Series 2011, 5.000%, 1/01/36	1/21 at 100.00	AA–	4,720,635
3,135	Dallas-Ft. Worth International Airport, Texas, Joint Revenue Refunding and Improvement Bonds, Series 2001A, 5.500%, 11/01/35 – NPFG Insured (Alternative Minimum Tax)	11/11 at 100.00	A+	3,135,596
5,000	Decatur Hospital Authority, Texas, Revenue Bonds, Wise Regional Health System, Series 2004A, 7.000%, 9/01/25	9/14 at 100.00	N/R	5,036,200
10,000	Houston, Texas, First Lien Combined Utility System Revenue Bonds, Series 2011D, 5.000%, 11/15/40	11/21 at 100.00	AA	10,653,900
4,965	Houston, Texas, Hotel Occupancy Tax and Special Revenue Bonds, Convention and Entertainment Facilities Department, Refunding Series 2011B, 5.250%, 9/01/27	No Opt. Call	A2	5,102,034
6,000	Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 – NPFG Insured (ETM)	No Opt. Call	AA+ (4)	7,667,820
	Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2001A:			
2,525	5.500%, 7/01/13 – FGIC Insured (Alternative Minimum Tax)	1/12 at 100.00	A	2,543,988
2,905	5.500%, 7/01/14 – FGIC Insured (Alternative Minimum Tax)	1/12 at 100.00	A	2,926,846
14,200	Hutto Independent School District, Williamson County, Texas, General Obligation Bonds, Series 2007A, 4.750%, 8/01/43 (UB)	8/16 at 100.00	AAA	14,516,944
8,000	Lower Colorado River Authority, Texas, Transmission Contract Refunding Revenue Bonds, LCRA Transmission Services Corporation Project, Refunding & Improvement Series 2010, 5.000%, 5/15/40	5/20 at 100.00	A	8,158,560
1,750	Martin County Hospital District, Texas, Combination Limited Tax and Revenue Bonds, Series 2011A, 7.250%, 4/01/36	4/21 at 100.00	N/R	1,823,710
2,500	Matagorda County Navigation District 1, Texas, Collateralized Revenue Refunding Bonds, Houston Light and Power Company, Series 1997, 5.125%, 11/01/28 – AMBAC Insured (Alternative Minimum Tax)	No Opt. Call	A3	2,610,000

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3,150	North Texas Tollway Authority, Second Tier System Revenue Refunding Bonds, Series 2008F, 5.750%, 1/01/38	1/18 at 100.00	A3	3,247,682
	North Texas Tollway Authority, Special Projects System Revenue Bonds, Series 2011C:			
4,370	0.000%, 9/01/43	9/31 at 100.00	AA	2,420,062
9,130	0.000%, 9/01/45	9/31 at 100.00	AA	5,593,312
3,500	Southwest Higher Education Authority Inc, Texas, Revenue Bonds, Southern Methodist University, Series 2010, 5.000%, 10/01/41	No Opt. Call	AA-	3,638,985
7,700	Tarrant County Cultural & Educational Facilities Financing Corporation, Texas, Revenue Bonds, Texas Health Resources, Series 2007A, 5.000%, 2/15/36 (UB)	2/17 at 100.00	AA-	7,758,135
	White Settlement Independent School District, Tarrant County, Texas, General Obligation Bonds, Series 2006:			
9,110	0.000%, 8/15/37	8/15 at 31.98	AAA	2,427,268
9,110	0.000%, 8/15/40	8/15 at 27.11	AAA	2,053,303
7,110	0.000%, 8/15/44	8/15 at 21.88	AAA	1,290,323
126,805	Total Texas			105,594,276
	Utah – 0.4% (0.3% of Total Investments)			
	Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E:			
630	5.200%, 1/01/18 (Alternative Minimum Tax)	1/12 at 100.00	AA-	632,293
240	5.500%, 1/01/23 (Alternative Minimum Tax)	1/12 at 100.00	Aaa	247,999
	Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1:			
965	4.950%, 7/01/18 (Alternative Minimum Tax)	1/12 at 100.00	AA-	980,623
355	5.300%, 7/01/23 (Alternative Minimum Tax)	1/12 at 100.00	Aaa	365,100
2,190	Total Utah			2,226,015
	Virginia – 0.1% (0.1% of Total Investments)			
1,000	Chesterfield County Health Center Commission, Virginia, Mortgage Revenue Bonds, Lucy Corr Village, Series 2005, 5.375%, 12/01/28	12/15 at 100.00	N/R	870,920

Nuveen Investments

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Nuveen Dividend Advantage Municipal Fund 3 (continued)
Portfolio of Investments

NZF
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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Washington – 9.1% (6.4% of Total Investments)			
	Bellingham Housing Authority, Washington, Housing Revenue Bonds, Varsity Village Project, Series 2001A:			
\$ 1,000	5.500%, 12/01/27 – NFPG Insured	12/11 at 100.00	Aaa	\$ 1,001,350
2,000	5.600%, 12/01/36 – NFPG Insured	12/11 at 100.00	Aaa	2,002,280
2,500	King County, Washington, Sewer Revenue Bonds, Series 2009, 5.250%, 1/01/42 Port of Seattle, Washington, Revenue Bonds, Series 2001B:	1/19 at 100.00	AA+	2,692,100
2,535	5.625%, 4/01/18 – FGIC Insured (Alternative Minimum Tax)	4/12 at 100.00	Aa2	2,543,949
16,000	5.100%, 4/01/24 – FGIC Insured (Alternative Minimum Tax) (UB)	1/12 at 100.00	Aa2	16,011,200
5,205	Port of Seattle, Washington, Revenue Bonds, Series 2005A, 5.000%, 3/01/35 – NFPG Insured	3/15 at 100.00	Aa3	5,339,185
4,530	Tacoma, Washington, Solid Waste Utility Revenue Refunding Bonds, Series 2001, 5.250%, 12/01/21 (Pre-refunded 12/01/11) – AMBAC Insured	12/11 at 100.00	AA (4)	4,549,162
10,000	Washington Health Care Facilities Authority, Revenue Bonds, Catholic Health, Series 2011A, 5.000%, 2/01/41 (WI/DD, Settling 11/10/11)	2/21 at 100.00	AA	9,945,901
3,410	Washington State Health Care Facilities Authority, Revenue Bonds, Fred Hutchinson Cancer Research Center, Series 2011A, 5.625%, 1/01/35	1/21 at 100.00	A	3,458,457
	Washington State Health Care Facilities Authority, Revenue Bonds, Group Health Cooperative of Puget Sound, Series 2001:			
3,005	5.375%, 12/01/17 – AMBAC Insured	12/11 at 101.00	BBB	3,037,393
2,915	5.375%, 12/01/18 – AMBAC Insured	12/11 at 101.00	BBB	2,942,692
53,100	Total Washington			53,523,669
	Wisconsin – 1.6% (1.2% of Total Investments)			
	Appleton, Wisconsin, Waterworks Revenue Refunding Bonds, Series 2001:			
3,705	5.375%, 1/01/20 (Pre-refunded 1/01/12) – FGIC Insured	1/12 at 100.00	N/R (4)	3,736,936
1,850	5.000%, 1/01/21 (Pre-refunded 1/01/12) – FGIC Insured	1/12 at 100.00	N/R (4)	1,864,799
1,000	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Franciscan Sisters of	9/17 at 100.00	BBB+	927,829

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Christian Charity HealthCare Ministry, Series 2007,
5.000%, 9/01/33

350	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30	10/12 at 100.00	AA-	352,628
2,500	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Marshfield Clinic, Series 2001B, 6.000%, 2/15/25	2/12 at 100.00	BBB+	2,505,224
330	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Wheaton Franciscan Services Inc., Series 2003A, 5.125%, 8/15/33	8/13 at 100.00	BBB+	294,564
9,735	Total Wisconsin			9,681,980
\$ 935,498	Total Municipal Bonds (cost \$809,450,354)			812,333,076

Shares	Description (1)		Value
	Investment Companies – 0.6% (0.4% of Total Investments)		
6,266	BlackRock MuniHoldings Fund Inc.		\$ 99,629
26,880	Dreyfus Strategic Municipals Inc.		231,168
131,278	DWS Municipal Income Trust		1,659,354
43,020	Invesco Van Kampen Investment Grade Municipal Trust		615,186
30,000	Invesco Van Kampen Municipal Opportunity Trust		409,500
43,420	PIMCO Municipal Income Fund II		479,791
	Total Investment Companies (cost \$3,325,133)		3,494,628

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Short-Term Investments – 4.3% (3.0% of Total Investments)			
	Illinois – 1.5% (1.1% of Total Investments)			
\$ 9,000	Chicago, Illinois, General Obligation Bonds, Tender Option Bonds Trust 3190, Variable Rate Demand Series, 0.140%, 1/01/17 (8)	No Opt. Call	N/R	\$ 9,000,000
	South Carolina – 0.8% (0.6% of Total Investments)			
5,990	South Carolina Educational Facilities Authority, Charleston Southern University Education Facilities Revenue Bond, Variable Rate Demand Series 2003, 0.200%, 4/01/28 (8)	2/12 at 100.00	N/R	4,730,000
	Texas – 1.0% (0.7% of Total Investments)			
4,730	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Tender Option Bond Trust 3181, Variable Rate Demand Series, 0.240%, 1/01/12 - AGM Insured (8)	No Opt. Call	AA+	5,990,000
	Washington – 1.0% (0.6% of Total Investments)			
5,480	Bellingham, Washington, Water and Sewer Revenue Bonds, Tender Option Bond Trust 11981X, Variable Rate Demand Series, 0.150%, 8/01/19 (8)	No Opt. Call	Aa2	5,480,000
\$ 25,200	Total Short-Term Investments (cost \$25,200,000)			25,200,000
	Total Investments (cost \$837,975,487) – 143.3%			841,027,704
	Floating Rate Obligations – (9.5%)			(55,612,000)
	MuniFund Rate Term Preferred Shares, at Liquidation Value – (11.9%) (9)			(70,000,000)
	Variable Rate MuniFund Term Preferred Shares, at Liquidation Value - (28.8%) (9)			(169,200,000)
	Other Assets Less Liabilities – 6.9%			40,831,697
	Net Assets Applicable to Common Shares – 100%			\$ 587,047,401

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Bonds backed by U.S. Government or agency securities are given an implied rating equal to the rating of such securities.
- (5) At or subsequent to the end of the reporting period, this security is non-income producing. Non-income producing security, in the case of a bond, generally denotes that the issuer has (1) defaulted on the

payment of principal or interest, (2) is under the protection of the Federal Bankruptcy Court or (3) the Fund's Adviser has concluded that the issue is not likely to meet its future interest payment obligations and has directed the Fund's custodian to cease accruing additional income on the Fund's records.

- (6) Investment, or portion of investment, has been pledged to collateralize the net payment obligations of investments in inverse floating rate transactions.
- (7) For fair value measurement disclosure purposes, investment categorized as Level 3. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Investment Valuation for more information.
- (8) Investment has a maturity of more than one year, but has variable rate and demand features which qualify it as a short-term investment. The rate disclosed is that in effect at the end of the reporting period. This rate changes periodically based on market conditions or a specified market index.
- (9) MuniFund Term Preferred Shares and Variable Rate MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments are 8.3% and 20.1%, respectively.
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (ETM) Escrowed to maturity.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 – General Information and Significant Accounting Policies, Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

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Statement of
Assets & Liabilities
October 31, 2011

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)
Assets			
Investments, at value (cost \$1,278,507,478, \$929,006,567 and \$999,529,521, respectively)	\$ 1,321,271,982	\$ 936,163,679	\$ 985,313,481
Cash	10,167,184	—	6,384,223
Receivables:			
Dividends and interest	17,867,972	15,315,508	15,435,671
Investments sold	13,977,567	27,967,649	14,691,256
Deferred offering costs	1,376,188	2,018,348	3,990,364
Other assets	320,400	436,152	424,530
Total assets	1,364,981,293	981,901,336	1,026,239,525
Liabilities			
Cash overdraft	—	5,295,713	—
Floating rate obligations	40,020,000	46,513,333	43,530,000
Payables:			
Common share dividends	4,231,787	3,072,666	3,111,812
Investments purchased	4,635,093	2,557,027	4,635,093
Interest	498,992	—	—
Offering costs	172,081	243,294	393,751
MuniFund Term Preferred (MTP) Shares, at liquidation value	—	—	—
Variable Rate MuniFund Term Preferred (VMTP) Shares, at liquidation value	421,700,000	—	—
Variable Rate Demand Preferred (VRDP) Shares, at liquidation value	—	296,800,000	350,900,000
Accrued expenses:			
Management fees	693,016	494,449	510,125
Other	427,782	308,904	344,109
Total liabilities	472,378,751	355,285,386	403,424,890
Net assets applicable to Common shares	\$ 892,602,542	\$ 626,615,950	\$ 622,814,635
Common shares outstanding	59,952,462	43,591,176	45,809,174
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 14.89	\$ 14.37	\$ 13.60
Net assets applicable to Common shares consist of:			
Common shares, \$.01 par value per share	\$ 599,525	\$ 435,912	\$ 458,092
Paid-in surplus	838,514,978	609,469,537	638,984,246
Undistributed (Over-distribution of) net investment income	17,435,924	7,315,192	5,775,306
Accumulated net realized gain (loss)	(6,712,389)	2,238,197	(8,186,969)

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Net unrealized appreciation (depreciation)	42,764,504	7,157,112	(14,216,040)
Net assets applicable to Common shares	\$ 892,602,542	\$ 626,615,950	\$ 622,814,635
Authorized shares:			
Common	200,000,000	200,000,000	200,000,000
Auction Rate Preferred Shares (ARPS)	1,000,000	1,000,000	1,000,000
MTP	—	—	—
VMTP	Unlimited	—	—
VRDP	—	Unlimited	Unlimited

See accompanying notes to financial statements.

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	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Assets			
Investments, at value (cost \$858,469,948, \$601,166,992 and \$837,975,487, respectively)	\$ 861,210,132	\$ 601,940,274	\$ 841,027,704
Cash	4,862,056	3,413,566	1,671,232
Receivables:			
Dividends and interest	13,685,487	10,708,543	14,435,906
Investments sold	4,150,908	31,611,284	41,686,551
Deferred offering costs	1,970,512	2,069,544	1,921,295
Other assets	201,118	242,590	197,478
Total assets	886,080,213	649,985,801	900,940,166
Liabilities			
Cash overdraft	—	—	—
Floating rate obligations	51,605,000	18,260,000	55,612,000
Payables:			
Common share dividends	2,883,060	2,282,465	3,208,335
Investments purchased	—	5,804,183	14,594,915
Interest	446,691	—	327,624
Offering costs	380,549	32,532	375,368
MuniFund Term Preferred (MTP) Shares, at liquidation value	144,300,000	—	70,000,000
Variable Rate MuniFund Term Preferred (VMTP) Shares, at liquidation value	120,400,000	—	169,200,000
Variable Rate Demand Preferred (VRDP) Shares, at liquidation value	—	196,000,000	—
Accrued expenses:			
Management fees	441,518	321,465	423,241
Other	259,220	200,286	151,282
Total liabilities	320,716,038	222,900,931	313,892,765
Net assets applicable to Common shares	\$ 565,364,175	\$ 427,084,870	\$ 587,047,401
Common shares outstanding	39,296,352	29,461,808	40,392,021
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 14.39	\$ 14.50	\$ 14.53
Net assets applicable to Common shares consist of:			
Common shares, \$.01 par value per share	\$ 392,964	\$ 294,618	\$ 403,920
Paid-in surplus	550,324,441	420,261,977	575,456,976
Undistributed (Over-distribution of) net investment income	10,952,267	6,451,843	9,617,756
Accumulated net realized gain (loss)	954,319	(696,850)	(1,483,468)
Net unrealized appreciation (depreciation)	2,740,184	773,282	3,052,217
Net assets applicable to Common shares	\$ 565,364,175	\$ 427,084,870	\$ 587,047,401
Authorized shares:			
Common	Unlimited	Unlimited	Unlimited
Auction Rate Preferred Shares (ARPS)	Unlimited	Unlimited	Unlimited

MTP	Unlimited	—	Unlimited
VMTP	Unlimited	—	Unlimited
VRDP	—	Unlimited	—

See accompanying notes to financial statements.

Nuveen Investments

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Statement of
Operations
Year Ended October 31, 2011

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Investment Income	\$ 72,230,403	\$ 52,429,697	\$ 52,600,695	\$ 47,268,678	\$ 36,283,619	\$ 47,919,507
Expenses						
Management fees	7,960,706	5,675,061	5,845,747	5,055,608	3,693,113	5,315,387
Auction fees	198,133	—	—	107,015	—	199,365
Dividend disbursing agent fees	17,105	—	—	29,918	—	30,000
Shareholders' servicing agent fees and expenses	113,811	64,050	67,632	44,159	3,711	14,721
Interest expense and amortization of offering costs	4,810,267	1,586,051	1,814,037	5,060,910	971,958	2,694,130
Fees on VRDP Shares	—	4,123,013	3,979,328	—	2,222,708	—
Custodian's fees and expenses	211,097	150,310	158,513	137,185	102,286	133,205
Directors'/Trustees' fees and expenses	37,957	27,687	28,741	24,548	18,541	24,895
Professional fees	142,973	151,619	325,915	144,932	143,550	51,290
Shareholders' reports – printing and mailing expenses	158,975	80,423	110,547	88,958	50,132	84,921
Stock exchange listing fees	20,064	15,182	15,830	36,842	3,850	17,349
Investor relations expense	95,841	62,540	67,260	58,085	41,151	55,236
Other expenses	72,031	59,243	63,418	66,202	43,908	55,565
Total expenses before custodian fee credit and expense reimbursement	13,838,960	11,995,179	12,476,968	10,854,362	7,294,908	8,676,064
Custodian fee credit	(10,954)	(10,681)	(10,717)	(11,140)	(9,874)	(18,539)
Expense reimbursement	—	—	—	—	(123,892)	(401,481)
Net expenses	13,828,006	11,984,498	12,466,251	10,843,222	7,161,142	8,256,044
	58,402,397	40,445,199	40,134,444	36,425,456	29,122,477	39,663,463

Net investment income (loss)							
Realized and Unrealized Gain (Loss)							
Net realized gain (loss) from investments	(591,675)	8,178,413	(3,062,685)	5,578,402	6,152,659	1,617,428	
Change in net unrealized appreciation (depreciation) of investments	(18,358,182)	(19,639,261)	(18,881,221)	(17,440,480)	(14,731,426)	(8,746,437)	
Net realized and unrealized gain (loss)	(18,949,857)	(11,460,848)	(21,943,906)	(11,862,078)	(8,578,767)	(7,129,009)	
Distributions to Auction Rate Preferred Shareholders							
From net investment income	(605,027)	(13,530)	(18,596)	(319,994)	—	(579,698)	
From accumulated net realized gains	(115,631)	—	—	—	—	(9,510)	
Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders	(720,658)	(13,530)	(18,596)	(319,994)	—	(589,208)	
Net increase (decrease) in net assets applicable to Common shares from operations	\$ 38,731,882	\$ 28,970,821	\$ 18,171,942	\$ 24,243,384	\$ 20,543,710	\$ 31,945,246	

See accompanying notes to financial statements.

Statement of
Changes in Net Assets

	Performance Plus (NPP)		Municipal Advantage (NMA)		Market Opportunity (NMO)	
	Year Ended 10/31/11	Year Ended 10/31/10	Year Ended 10/31/11	Year Ended 10/31/10	Year Ended 10/31/11	Year Ended 10/31/10
Operations						
Net investment income (loss)	\$ 58,402,397	\$ 61,961,159	\$ 40,445,199	\$ 43,865,457	\$ 40,134,444	\$ 45,415,957
Net realized gain (loss) from investments	(591,675)	5,333,340	8,178,413	2,499,059	(3,062,685)	7,021,125
Change in net unrealized appreciation (depreciation) of investments	(18,358,182)	36,406,331	(19,639,261)	29,929,503	(18,881,221)	18,357,610
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	(605,027)	(1,674,198)	(13,530)	(355,444)	(18,596)	(606,064)
From accumulated net realized gains	(115,631)	(47,490)	—	(183,376)	—	—
Net increase (decrease) in net assets applicable to Common shares from operations	38,731,882	101,979,142	28,970,821	75,755,199	18,171,942	70,188,628
Distributions to Common Shareholders						
From net investment income	(57,031,258)	(55,177,839)	(43,394,199)	(42,290,819)	(44,419,598)	(43,873,378)
From accumulated net realized gains	(5,533,612)	(814,831)	(3,480,219)	(2,827,574)	—	—
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(62,564,870)	(55,992,670)	(46,874,418)	(45,118,393)	(44,419,598)	(43,873,378)
Capital Share Transactions						
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions	283,901	292,445	2,155,588	2,913,988	1,045,705	2,382,420
Net increase (decrease) in net assets applicable to Common shares from	283,901	292,445	2,155,588	2,913,988	1,045,705	2,382,420

capital share transactions						
Net increase (decrease) in net assets applicable to Common shares	(23,549,087)	46,278,917	(15,748,009)	33,550,794	(25,201,951)	28,697,670
Net assets applicable to Common shares at the beginning of period	916,151,629	869,872,712	642,363,959	608,813,165	648,016,586	619,318,916
Net assets applicable to Common shares at the end of period	\$ 892,602,542	\$ 916,151,629	\$ 626,615,950	\$ 642,363,959	\$ 622,814,635	\$ 648,016,586
Undistributed (Over-distribution of) net investment income at the end of period	\$ 17,435,924	\$ 16,554,168	\$ 7,315,192	\$ 10,244,572	\$ 5,775,306	\$ 9,994,354

See accompanying notes to financial statements.

Nuveen Investments

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Statement of
Changes in Net Assets (continued)

	Dividend Advantage (NAD)		Dividend Advantage 2 (NXZ)		Dividend Advantage 3 (NZF)	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	10/31/11	10/31/10	10/31/11	10/31/10	10/31/11	10/31/10
Operations						
Net investment income (loss)	\$ 36,425,456	\$ 39,281,244	\$ 29,122,477	\$ 30,012,369	\$ 39,663,463	\$ 43,023,730
Net realized gain (loss) from investments	5,578,402	1,079,125	6,152,659	1,450,091	1,617,428	786,636
Change in net unrealized appreciation (depreciation) of investments	(17,440,480)	27,410,233	(14,731,426)	6,351,263	(8,746,437)	20,450,314
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	(319,994)	(724,675)	—	—	(579,698)	(880,640)
From accumulated net realized gains	—	—	—	—	(9,510)	(125,552)
Net increase (decrease) in net assets applicable to Common shares from operations	24,243,384	67,045,927	20,543,710	37,813,723	31,945,246	63,254,488
Distributions to Common Shareholders						
From net investment income	(35,837,926)	(35,752,124)	(28,282,999)	(28,615,006)	(39,745,377)	(38,518,652)
From accumulated net realized gains	—	—	—	—	(630,116)	(2,547,863)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(35,837,926)	(35,752,124)	(28,282,999)	(28,615,006)	(40,375,493)	(41,066,515)
Capital Share Transactions						
Net proceeds from Common shares issued to shareholders due to reinvestment of distributions	63,949	66,815	59,744	312,251	64,704	137,143
Net increase (decrease) in net assets applicable to Common shares from	63,949	66,815	59,744	312,251	64,704	137,143

capital share transactions						
Net increase (decrease) in net assets applicable to Common shares	(11,530,593)	31,360,618	(7,679,545)	9,510,968	(8,365,543)	22,325,116
Net assets applicable to Common shares at the beginning of period	576,894,768	545,534,150	434,764,415	425,253,447	595,412,944	573,087,828
Net assets applicable to Common shares at the end of period	\$ 565,364,175	\$ 576,894,768	\$ 427,084,870	\$ 434,764,415	\$ 587,047,401	\$ 595,412,944
Undistributed (Over-distribution of) net investment income at the end of period	\$ 10,952,267	\$ 10,503,735	\$ 6,451,843	\$ 5,571,360	\$ 9,617,756	\$ 10,037,019

See accompanying notes to financial statements.

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Statement of
Cash Flows

Year Ended October 31, 2011

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)
Cash Flows from Operating Activities:			
Net Increase (Decrease) In Net Assets Applicable to Common Shares from Operations	\$ 38,731,882	\$ 28,970,821	\$ 18,171,942
Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities:			
Purchases of investments	(125,871,204)	(134,828,212)	(153,734,830)
Proceeds from sales and maturities of investments	160,856,247	178,925,746	139,793,839
Proceeds from (Purchases of) short-term investments, net	—	—	—
Amortization (Accretion) of premiums and discounts, net	(14,246,878)	(6,436,159)	(7,040,343)
(Increase) Decrease in:			
Receivable for dividends and interest	502,511	637,932	567,421
Receivable for investments sold	(13,182,567)	(27,372,649)	46,452,744
Other assets	(22,024)	(6,670)	(28,875)
Increase (Decrease) in:			
Payable for Auction Rate Preferred share dividends	(25,686)	—	—
Payable for investments purchased	4,635,093	2,557,027	(7,098,889)
Payable for interest	498,992	—	—
Accrued management fees	(18,768)	30,809	49,617
Accrued other expenses	(62,801)	(29,956)	(30,243)
Net realized (gain) loss from investments	591,675	(8,178,413)	3,062,685
Change in net unrealized (appreciation) depreciation of investments	18,358,182	19,639,261	18,881,221
Taxes paid on undistributed capital gains	(373)	(181,725)	(4,366)
Net cash provided by (used in) operating activities	70,744,281	53,727,812	59,041,923
Cash Flows from Financing Activities:			
(Increase) Decrease in deferred offering costs	(1,376,188)	71,575	140,736
Increase (Decrease) in:			
Cash overdraft	—	5,295,713	(9,292,196)
Floating rate obligations	(2,305,000)	(21,181,650)	—
Payable for offering costs	172,081	—	—
ARPS, at liquidation value	(419,900,000)	—	—
MTP Shares, at liquidation value	—	—	—
VMTP Shares, at liquidation value	421,700,000	—	—
Cash distributions paid to Common shareholders	(62,169,509)	(44,700,466)	(43,506,240)
Net cash provided by (used in) financing activities	(63,878,616)	(60,514,828)	(52,657,700)
Net Increase (Decrease) in Cash	6,865,665	(6,787,016)	6,384,223
Cash at the beginning of period	3,301,519	6,787,016	—
Cash at the End of Period	\$ 10,167,184	\$ —	\$ 6,384,223

Supplemental Disclosure of Cash Flow Information

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Non-cash financing activities not included herein consist of reinvestments of Common share distributions of \$283,901, \$2,155,588 and \$1,045,705 for Performance Plus (NPP), Municipal Advantage (NMA) and Market Opportunity (NMO), respectively.

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)
Cash paid for interest (excluding amortization of offering costs)	\$ 3,907,462	\$ 1,514,476	\$ 1,673,300

See accompanying notes to
financial statements.

Nuveen Investments

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Statement of
Cash Flows (continued)

Year Ended October 31, 2011

	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Cash Flows from Operating Activities:			
Net Increase (Decrease) In Net Assets Applicable to Common Shares from Operations	\$ 24,243,384	\$ 20,543,710	\$ 31,945,246
Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities:			
Purchases of investments	(128,568,854)	(243,875,221)	(250,046,891)
Proceeds from sales and maturities of investments	132,702,951	275,555,510	314,415,649
Proceeds from (Purchases of) short-term investments, net	—	—	(25,200,000)
Amortization (Accretion) of premiums and discounts, net	(7,956,720)	(3,933,252)	(1,716,217)
(Increase) Decrease in:			
Receivable for dividends and interest	(648,087)	687,381	672,193
Receivable for investments sold	15,277,217	(23,501,284)	(40,831,571)
Other assets	(7,155)	(17,108)	(18,419)
Increase (Decrease) in:			
Payable for Auction Rate Preferred share dividends	(18,956)	—	(13,176)
Payable for investments purchased	(5,859,060)	5,804,183	14,594,915
Payable for interest	122,016	—	327,624
Accrued management fees	(10,911)	20,523	(6,108)
Accrued other expenses	(8,153)	26,545	(50,011)
Net realized (gain) loss from investments	(5,578,402)	(6,152,659)	(1,617,428)
Change in net unrealized (appreciation) depreciation of investments	17,440,480	14,731,426	8,746,437
Taxes paid on undistributed capital gains	(3,781)	(244)	(344)
Net cash provided by (used in) operating activities	41,125,969	39,889,510	51,201,899
Cash Flows from Financing Activities:			
(Increase) Decrease in deferred offering costs	269,571	72,964	(1,921,295)
Increase (Decrease) in:			
Cash overdraft	(1,211,715)	—	—
Floating rate obligations	—	(8,401,650)	(12,796,650)
Payable for offering costs	116,259	(75,929)	375,368
ARPS, at liquidation value	(120,075,000)	—	(236,950,000)
MTP Shares, at liquidation value	—	—	70,000,000
VMTP Shares, at liquidation value	120,400,000	—	169,200,000
Cash distributions paid to Common shareholders	(35,763,028)	(28,214,577)	(40,306,158)
Net cash provided by (used in) financing activities	(36,263,913)	(36,619,192)	(52,398,735)
Net Increase (Decrease) in Cash	4,862,056	3,270,318	(1,196,836)
Cash at the beginning of period	—	143,248	2,868,068
Cash at the End of Period	\$ 4,862,056	\$ 3,413,566	\$ 1,671,232

Supplemental Disclosure of Cash Flow Information

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Non-cash financing activities not included herein consist of reinvestments of Common share distributions of \$63,949, \$59,744 and \$64,704 for Dividend Advantage (NAD), Dividend Advantage 2 (NXZ) and Dividend Advantage 3 (NZF), respectively.

	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Cash paid for interest (excluding amortization of offering costs)	\$ 4,409,323	\$ 898,994	\$ 2,089,129

See accompanying notes to financial statements.

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Selected data for a Common share outstanding throughout each period:

Beginning Common Share	Investment Operations				Less Distributions				
	Net	Realized/ Unrealized	Distributions from Net Investment Income to Auction Rate Preferred	Distributions from Capital Gains to Auction Rate Preferred	Net Investment Income to Common	Capital Gains to Common	Share- holders	Share- holders	Total
Net Asset Value	Investment Income	Gain (Loss)	Share- holders(a)	Share- holders(a)	Total	Share- holders	Share- holders	Total	R
Performance Plus (NPP)									
Year Ended 10/31:									
2011 \$	15.29 \$	.97 \$	(.32)\$	(.01)\$	—\$.64 \$	(.95)\$	(.09)\$	(1.04)\$	
2010	14.52	1.03	.70	(.03)	—* 1.70	(.92)	(.01)	(.93)	
2009	12.69	1.03	1.65	(.06)	— 2.62	(.79)	—	(.79)	
2008	15.22	1.02	(2.56)	(.29)	— (1.83)	(.70)	—	(.70)	
2007	15.78	.99	(.47)	(.27)	(.01) .24	(.75)	(.05)	(.80)	
Municipal Advantage (NMA)									
Year Ended 10/31:									
2011	14.79	.93	(.27)	—	— .66	(1.00)	(.08)	(1.08)	
2010	14.08	1.01	.76	(.01)	—* 1.76	(.98)	(.07)	(1.05)	
2009	12.12	1.10	1.76	(.06)	— 2.80	(.84)	—	(.84)	
2008	15.20	1.08	(3.06)	(.30)	(.01) (2.29)	(.77)	(.02)	(.79)	
2007	15.88	1.07	(.63)	(.29)	— .15	(.83)	—	(.83)	

(a) The amounts shown are based on Common share equivalents.

(b) Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

Total Returns		Ratios/Supplemental Data				
		Ratios to Average Net Assets Applicable to Common Shares(c)(d)				
Based on Market Value	(b)	Based on Common Share Net Asset Value(b)	Ending Net Assets Applicable to Common Shares (000)	Expenses(e)	Net Investment Income (Loss)	Portfolio Turnover Rate
3.22	%	4.78%	\$ 892,603	1.62%	6.84%	10%
18.65		12.07	916,152	1.13	6.93	14
24.78		21.20	869,873	1.23	7.59	6
(10.71)	)	(12.49)	760,496	1.25	6.96	9
(4.97)	)	1.53	912,066	1.16	6.38	6
1.90		5.05	626,616	2.01	6.76	14
19.58		12.90	642,364	1.66	7.04	16
25.70		23.89	608,813	1.31	8.51	9
(13.16)	)	(15.65)	523,602	1.38	7.50	13
(7.08)	)	1.06	656,806	1.40	6.87	10

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS, VMTP Shares and/or VRDP Shares, where applicable.
- (d) Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to VMTP Shares, VRDP Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, each as described in Footnote 1 – General Information and Significant Accounting Policies, Variable Rate MuniFund Term Preferred Shares, Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively as follows:

Performance Plus (NPP)

Year Ended 10/31:

2011	.56%
2010	.04
2009	.05
2008	.08
2007	.02

Municipal Advantage (NMA)

Year Ended 10/31:

2011	.96%
2010	.60
2009	.09
2008	.17
2007	.23

* Rounds to less than \$.01 per share.

See accompanying notes to
financial statements.

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Highlights (continued)

Selected data for a Common share outstanding throughout each period:

Beginning Common Share	Investment Operations			Distributions		Less Distributions			Disc f Com Sh Rep cha Ret	
	Net Asset Value	Investment Income	Net Realized/ Unrealized Gain (Loss)	Distributions from Net Investment Income to Auction Rate Preferred	Distributions from Capital Gains to Auction Rate Preferred	Net Investment Income to Common	Capital Gains to Common	Total		
Market Opportunity (NMO)										
Year Ended 10/31:										
2011	\$ 14.17	\$.88	\$ (.48)	—\$	—\$.40	\$ (.97)	—	—	—	—
2010	13.59	.99	.56	(.01)	— 1.54	(.96)	—	—	—	(.96)
2009	12.23	1.10	1.13	(.06)	— 2.17	(.81)	—	—	—	(.81)
2008	14.83	1.03	(2.59)	(.31)	—(1.87)	(.73)	—	—	—	(.73)
2007	15.41	1.04	(.56)	(.30)	— .18	(.76)	—	—	—	(.76)
Dividend Advantage (NAD)										
Year Ended 10/31:										
2011	14.68	.92	(.29)	(.01)	— .62	(.91)	—	—	—	(.91)
2010	13.89	1.00	.72	(.02)	— 1.70	(.91)	—	—	—	(.91)
2009	11.77	1.07	1.93	(.05)	— 2.95	(.83)	—	—	—	(.83)
2008	14.90	1.05	(3.14)	(.27)	—(2.36)	(.77)	—	—	—	(.77)
2007	15.54	1.04	(.60)	(.27)	— .17	(.81)	—	—	—	(.81)

- (a) The amounts shown are based on Common share equivalents.
- (b) Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

		Ratios/Supplemental Data						
		Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)			Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)			
Total Returns	Based on Market Value	Based on Common Share Net Asset Value(b)	Ending Net Assets Applicable to Common Shares (000)	Expenses(e)	Net Investment Income (Loss)	Expenses(e)	Net Investment Income (Loss)	Portfolio Turnover Rate
(2.33)%	3.40%	\$ 622,815	2.10%	6.74%	N/A	N/A	14%	
17.03	11.71	648,017	1.70	7.17	N/A	N/A	26	
23.67	18.30	619,319	1.32	8.58	N/A	N/A	10	
(9.87)	(13.07)	557,346	1.36	7.33	N/A	N/A	8	
(5.00)	1.20	675,577	1.38	6.87	N/A	N/A	5	
1.93	4.76	565,364	2.02	6.77	2.02%	6.77%	15	
19.17	12.60	576,895	1.61	6.99	1.61	6.99	8	
28.86	25.78	545,534	1.26	8.38	1.21	8.43	9	
(16.46)	(16.42)	462,554	1.36	7.33	1.22	7.46	11	
(5.96)	1.10	585,496	1.24	6.60	1.03	6.81	11	

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS, MTP Shares, VMTP Shares, and/or VRDP Shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of July 31, 2009, the Adviser is no longer reimbursing Dividend Advantage (NAD) for any fees and expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP Shares, VMTP Shares, VRDP Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, each as described in Footnote 1 – General Information and Significant Accounting Policies, MuniFund Term Preferred Shares, Variable Rate MuniFund Term Preferred Shares, Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively as follows:

Market Opportunity (NMO)

Year Ended 10/31:

2011 .97%

2010	.58
2009	.07
2008	.14
2007	.19

Dividend Advantage (NAD)

Year Ended 10/31:	
2011	.94%
2010	.54
2009	.09
2008	.21
2007	.11

N/A Fund does not have a contractual reimbursement agreement with the Adviser.

* Rounds to less than \$.01 per share.

See accompanying notes to
financial statements.

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Selected data for a Common share outstanding throughout each period:

Beginning Common Share	Investment Operations			Distributions from Net Investment Income to Auction Rate Preferred	Distributions from Capital Gains to Auction Rate Preferred	Less Distributions			
	Net	Net Realized/ Unrealized Gain (Loss)	Share- holders(a)	Share- holders(a)	Total	Net Investment Income to Common	Capital Gains to Common	Total	
Dividend Advantage 2 (NXZ)									
Year Ended 10/31:									
2011 \$	14.76 \$	.99 \$	(.29)\$	— \$	— \$	.70 \$	(.96)\$	— \$	(.96)\$
2010	14.45	1.02	.26	—	—	1.28	(.97)	—	(.97)
2009	12.71	1.04	1.59	—	—	2.63	(.89)	—	(.89)
2008	15.55	1.05	(2.81)	(.20)	—	(1.96)	(.88)	—	(.88)
2007	16.02	1.13	(.43)	(.27)	—	.43	(.90)	—	(.90)
Dividend Advantage 3 (NZF)									
Year Ended 10/31:									
2011	14.74	.98	(.18)	(.01)	—*	.79	(.98)	(.02)	(1.00)
2010	14.19	1.06	.52	(.02)	—*	1.56	(.95)	(.06)	(1.01)
2009	12.10	1.08	1.91	(.05)	—	2.94	(.85)	—	(.85)
2008	15.03	1.06	(2.95)	(.27)	—	(2.16)	(.77)	—	(.77)
2007	15.54	1.07	(.44)	(.27)	(.01)	.35	(.84)	(.02)	(.86)

- (a) The amounts shown are based on Common share equivalents.
- (b) Total Return Based on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period may take place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

		Ratios/Supplemental Data						
		Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(c)			Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(c)(d)			
Total Returns	Based on Market Value	Based on Common Share Net Asset Value (b)	Ending Net Assets Applicable to Common Shares (000)	Expenses(e)	Net Investment Income (Loss)	Expenses(e)	Net Investment Income (Loss)	Portfolio Turnover Rate
1.70	%	5.24%	\$ 427,085	1.78%	7.08%	1.75%	7.11%	40%
10.89		9.12	434,764	1.79	6.85	1.68	6.95	5
22.63		21.41	425,253	1.91	7.59	1.73	7.77	2
(15.21)		(13.23)	373,940	1.71	6.82	1.45	7.08	10
(.78)		2.76	456,992	1.25	6.83	.93	7.16	5
4.59		5.83	587,047	1.53	6.93	1.46	7.00	30
17.04		11.41	595,413	1.17	7.21	1.02	7.36	7
33.89		25.08	573,088	1.26	7.98	1.04	8.20	2
(17.85)		(14.99)	488,561	1.34	7.08	1.04	7.37	7
(7.72)		2.31	606,908	1.32	6.65	.94	7.02	14

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income (Loss) ratios reflect income earned and expenses incurred on assets attributable to ARPS, MTP Shares, VMTP Shares, and/or VRDP Shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of March 31, 2011, the Adviser is no longer reimbursing Dividend Advantage 2 (NXZ) for any fees and expenses. As of September 30, 2011, the Adviser is no longer reimbursing Dividend Advantage 3 (NZF) for any fees and expenses.
- (e) The expense ratios reflect, among other things, all interest expense and other costs related to MTP Shares, VMTP Shares, VRDP Shares and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, each as described in Footnote 1 – General Information and Significant Accounting Policies, MuniFund Term Preferred Shares, Variable Rate MuniFund Term Preferred Shares, Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively as follows:

Dividend Advantage 2 (NXZ)

Year Ended 10/31:

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2011	.78%
2010	.78
2009	.83
2008	.49
2007	.14

Dividend Advantage 3 (NZF)

Year Ended 10/31:

2011	.48%
2010	.09
2009	.11
2008	.19
2007	.19

* Rounds to less than \$.01 per share.

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financial statements.

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	ARPS at the End of Period			VMTP Shares at the End of Period			VRDP Shares at the End of Period		
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share
Performance Plus (NPP)									
Year Ended 10/31:									
2011	\$ —	\$ —	\$ —	421,700	\$ 100,000	\$ 311,668	\$ —	\$ —	\$ —
2010	419,900	25,000	79,546	—	—	—	—	—	—
2009	419,900	25,000	76,790	—	—	—	—	—	—
2008	439,650	25,000	68,244	—	—	—	—	—	—
2007	479,000	25,000	72,603	—	—	—	—	—	—
Municipal Advantage (NMA)									
Year Ended 10/31:									
2011	—	—	—	—	—	—	296,800	100,000	311,100
2010	—	—	—	—	—	—	296,800	100,000	316,400
2009	293,200	25,000	76,911	—	—	—	—	—	—
2008	341,650	25,000	63,314	—	—	—	—	—	—
2007	358,000	25,000	70,866	—	—	—	—	—	—

See accompanying notes to financial statements.

ARPS at the End of Period	MTP Shares at the End of Period (f)			VMTP Shares at the End of Period			VRDP Shares at the End of Period					
Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	
Market Opportunity (NMO)												
Year Ended 10/31:												
2011	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 350,900	\$ 100,000	\$ 277,491
2010	—	—	—	—	—	—	—	—	—	350,900	100,000	284,673
2009	346,675	25,000	69,661	—	—	—	—	—	—	—	—	—
2008	361,675	25,000	63,525	—	—	—	—	—	—	—	—	—
2007	380,000	25,000	69,446	—	—	—	—	—	—	—	—	—
Dividend Advantage (NAD)												
Year Ended 10/31:												
2011	—	—	144,300	10.00	31.36	120,400	100,000	313,587	—	—	—	—
2010	120,075	25,000	79,553	144,300	10.00	31.82	—	—	—	—	—	—
2009	261,800	25,000	77,095	—	—	—	—	—	—	—	—	—
2008	266,800	25,000	68,343	—	—	—	—	—	—	—	—	—
2007	295,000	25,000	74,618	—	—	—	—	—	—	—	—	—

(f) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

	Series	Ending Market Value Per Share	Average Market Value Per Share
Dividend Advantage (NAD)			
Year Ended 10/31:			
2011	2015	\$10.06	\$10.05
2010	2015	10.10	10.10 [^]
2009	—	—	—
2008	—	—	—
2007	—	—	—

[^] For the period March 16, 2010 (issuance date of shares) through October 31, 2010.

See accompanying notes to
financial statements.

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Highlights (continued)

	ARPS at the End of Period			MTP Shares at the End of Period (f)			VMTP Shares at the End of Period			VRDP Shares at the End of Period		
	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share
Dividend Advantage 2 (NXZ)												
Year Ended 10/31:												
2011	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —196,000	\$ 100,000	\$ 317,900
2010	—	—	—	—	—	—	—	—	—	—196,000	100,000	321,819
2009	—	—	—	—	—	—	—	—	—	—196,000	100,000	316,966
2008	—	—	—	—	—	—	—	—	—	—196,000	100,000	290,785
2007	222,000	25,000	76,463	—	—	—	—	—	—	—	—	—
Dividend Advantage 3 (NZF)												
Year Ended 10/31:												
2011	—	—	—70,000	10.00	34.54	169,200	100,000	345,421	—	—	—	—
2010	236,950	25,000	87,821	—	—	—	—	—	—	—	—	—
2009	236,950	25,000	85,465	—	—	—	—	—	—	—	—	—
2008	270,775	25,000	70,108	—	—	—	—	—	—	—	—	—
2007	312,000	25,000	73,630	—	—	—	—	—	—	—	—	—

(f) The Ending and Average Market Value Per Share for each Series of the Fund's MTP Shares were as follows:

	Series	Ending Market Value Per Share	Average Market Value Per Share
Dividend Advantage 3 (NZF)			
Year Ended 10/31:			
2011	2016	\$ 10.14	\$ 10.05 [^]
2010	—	—	—
2009	—	—	—
2008	—	—	—
2007	—	—	—

^ For the period December 20, 2010 (issuance date of shares) through October 31, 2011.

See accompanying notes to financial statements.

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Financial Statements

1. General Information and Significant Accounting Policies

General Information

The funds covered in this report and their corresponding Common share stock exchange symbols are Nuveen Performance Plus Municipal Fund, Inc. (NPP), Nuveen Municipal Advantage Fund, Inc. (NMA), Nuveen Municipal Market Opportunity Fund, Inc. (NMO), Nuveen Dividend Advantage Municipal Fund (NAD), Nuveen Dividend Advantage Municipal Fund 2 (NXZ) and Nuveen Dividend Advantage Municipal Fund 3 (NZF) (each a “Fund” and each a “Fund” and collectively, the “Funds”). Performance Plus (NPP), Municipal Advantage (NMA), Market Opportunity (NMO) and Dividend Advantage (NAD) are traded on the New York Stock Exchange (“NYSE”) while Dividend Advantage 2 (NXZ) and Dividend Advantage 3 (NZF) are traded on the NYSE Amex. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end, management investment companies.

Effective January 1, 2011, the Funds’ adviser, Nuveen Asset Management, a wholly-owned subsidiary of Nuveen Investments, Inc. (“Nuveen”), changed its name to Nuveen Fund Advisors, Inc. (the “Adviser”). Concurrently, the Adviser formed a wholly-owned subsidiary, Nuveen Asset Management, LLC (the “Sub-Adviser”), to house its portfolio management capabilities and to serve as the Funds’ sub-adviser, and the Funds’ portfolio managers became employees of the Sub-Adviser. This allocation of responsibilities between the Adviser and the Sub-Adviser affects each of the Funds. The Adviser will compensate the Sub-Adviser for the portfolio management services it provides to the Funds from each Fund’s management fee.

Each Fund seeks to provide current income exempt from regular federal income tax by investing primarily in a portfolio of municipal obligations issued by state and local government authorities or certain U.S. territories.

Significant Accounting Policies

The following is a summary of significant accounting policies followed by the Funds in the preparation of their financial statements in accordance with U.S. generally accepted accounting principles (“U.S. GAAP”).

Investment Valuation

Prices of municipal bonds are provided by a pricing service approved by the Funds’ Board of Directors/Trustees. These securities are generally classified as Level 2 for fair value measurement purposes. When price quotes are not readily available (which is usually the case for municipal bonds) the pricing service establishes a security’s fair value using methods that may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor’s credit characteristics considered relevant. In pricing certain securities, particularly less liquid and lower quality securities, the pricing service may consider information about a security, its issuer, or market activity, provided by the Adviser. These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Investments in investment companies are valued at their respective net asset values on the valuation date. These investment vehicles are generally classified as Level 1.

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Funds’ Board of Directors/Trustees or its designee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act of 1933, as amended) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; debt securities that have gone into default and for which

there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of a Fund's net asset value (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security's fair value. As a general principle, the fair value of a security would appear to be the amount that the owner might reasonably expect to receive for it in a current sale. A variety of factors may be considered in determining the fair value of these securities, which may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant.

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These securities are generally classified as Level 2 or Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Funds' Board of Directors/Trustees or its designee.

Refer to Footnote 2 – Fair Value Measurements for further details on the leveling of securities held by the Funds as of the end of the reporting period.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method, which is the same basis used for federal income tax purposes. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At October 31, 2011, Performance Plus (NPP), Municipal Advantage (NMA), Market Opportunity (NMO), and Dividend Advantage 3 (NZF) had outstanding when-issued/delayed delivery commitments of \$1,427,635, \$2,557,027, \$1,427,635, and \$11,959,084, respectively. There were no such outstanding purchase commitments in either of the other Funds.

Investment Income

Dividend income is recorded on the ex-dividend date. Investment income, which reflects the amortization of premiums and includes accretion of discounts for financial reporting purposes, is recorded on an accrual basis. Investment income also reflects paydown gains and losses, if any.

Professional Fees

Professional fees presented on the Statement of Operations consist of legal fees incurred in the normal course of operations, audit fees, tax consulting fees and, in some cases, workout expenditures. Workout expenditures are incurred in an attempt to protect or enhance an investment, or to pursue other claims or legal actions on behalf of Fund shareholders.

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all of its net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions that will enable interest from municipal securities, which is exempt from regular federal income tax, to retain such tax-exempt status when distributed to shareholders of the Funds. Net realized capital gains and ordinary income distributions paid by the Funds are subject to federal taxation.

For all open tax years and all major taxing jurisdictions, management of the Funds has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). Furthermore, management of the Funds is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

Dividends and Distributions to Common Shareholders

Dividends from net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders at least annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards. Distributions to Common shareholders of net investment income, net realized capital gains and/or market discount, if any, are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. GAAP.

Auction Rate Preferred Shares

Each Fund is authorized to issue Auction Rate Preferred Shares (“ARPS”). As of October 31, 2010, Municipal Advantage (NMA) and Market Opportunity (NMO) redeemed all of their outstanding ARPS at liquidation value. As of October 31, 2008, Dividend Advantage 2 (NXZ) redeemed all of its outstanding ARPS at liquidation value. During the fiscal year ended October 31, 2011, Performance Plus (NPP), Dividend Advantage (NAD) and Dividend Advantage 3 (NZF) had issued and outstanding ARPS, \$25,0000 stated value per share, which approximates market value, as a means of effecting financial leverage. Each Fund’s ARPS were issued in one or more Series. The dividend rate paid by the Funds on each Series was determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and was payable at the end of each rate period.

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the ARPS issued by the Funds than there were offers to buy. This meant that these auctions “failed to clear,” and that many Auction Rate Preferred shareholders who wanted to sell their shares in these auctions were unable to do so. Auction Rate Preferred shareholders unable to sell their shares received distributions at the “maximum rate”

applicable to failed auctions as calculated in accordance with the pre-established terms of the ARPS. As of October 31, 2011, each Fund redeemed all of their outstanding ARPS, at liquidation value, as follows:

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
ARPS redeemed, at liquidation value	\$ 479,000,000	\$ 358,000,000	\$ 380,000,000	\$ 295,000,000	\$ 222,000,000	\$ 312,000,000

During the fiscal year ended October 31, 2010, lawsuits pursuing claims made in a demand letter alleging that Dividend Advantage (NAD), Dividend Advantage 2 (NXZ) and Dividend Advantage 3's (NZF) Board of Trustees breached their fiduciary duties related to the redemption at par of their ARPS had been filed on behalf of shareholders of the Funds, against the Adviser, the Nuveen holding company, the majority owner of the holding company, the lone interested trustee, and current and former officers of the Funds. Nuveen and the other named defendants filed a motion to dismiss the lawsuits and on December 16, 2011, the court granted that motion dismissing the lawsuits with prejudice.

During the current reporting period, Nuveen Investments, LLC, known as Nuveen Securities, LLC, effective April 30, 2011, ("Nuveen Securities") entered into a settlement with the Financial Industry Regulatory Authority ("FINRA") with respect to certain allegations regarding Nuveen-sponsored closed-end fund ARPS marketing brochures. As part of this settlement, Nuveen Securities neither admitted to nor denied FINRA's allegations. Nuveen Securities is the broker-dealer subsidiary of Nuveen.

The settlement with FINRA concludes an investigation that followed the widespread failure of auctions for ARPS and other auction rate securities, which generally began in mid-February 2008. In the settlement, FINRA alleged that certain marketing materials provided by Nuveen Securities were false and misleading. Nuveen Securities agreed to a censure and the payment of a \$3 million fine.

MuniFund Term Preferred Shares

The following Funds have issued and outstanding MuniFund Term Preferred ("MTP") Shares, with a \$10 stated ("par") value per share. Proceeds from the issuance of MTP Shares, net of offering expenses, were used to redeem all, or a portion of, each Fund's outstanding ARPS. Each Fund's MTP Shares are issued in one Series. Dividends on MTP shares, which are recognized as interest expense for financial reporting purposes, are paid monthly at a fixed annual rate, subject to adjustments in certain circumstances. The MTP Shares trade on the NYSE. As of October 31, 2011, the number of MTP Shares outstanding, annual interest rate and the NYSE "ticker" symbol for each Fund are as follows:

Series:	Dividend Advantage (NAD)			Dividend Advantage 3 (NZF)		
	Shares Outstanding	Annual Interest Rate	NYSE Ticker	Shares Outstanding	Annual Interest Rate	NYSE Ticker
2015	14,430,000	2.70%	NAD Pr C	—	—	—
2016	—	—	—	7,000,000	2.80%	NZF Pr C

Each Fund is obligated to redeem its MTP Shares by the date as specified in its offering document ("Term Redemption Date"), unless earlier redeemed or repurchased by the Fund. MTP Shares are subject to optional and mandatory

redemption in certain circumstances. MTP Shares will be subject to redemption at the option of each Fund (“Optional Redemption Date”), subject to a payment of premium for one year following the Optional Redemption Date (“Premium Expiration Date”), and at par thereafter. MTP Shares will also be subject to redemption, at the option of each Fund, at par in the event of certain changes in the credit rating of the MTP Shares. Each Fund may be obligated to redeem certain of the MTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. The Term Redemption Date, Optional Redemption Date and Premium Expiration Date for each Fund’s MTP Shares are as follows:

	Dividend Advantage (NAD) Series 2015	Dividend Advantage 3 (NZF) Series 2016
Term Redemption Date	April 1, 2015	January 1, 2016
Optional Redemption Date	April 1, 2011	January 1, 2012
Premium Expiration Date	March 31, 2012	December 31, 2012

The average liquidation value of MTP Shares outstanding for each Fund during the fiscal year ended October 31, 2011, was as follows:

	Dividend Advantage (NAD)	Dividend Advantage 3 (NZF)*
Average liquidation value of MTP Shares outstanding	\$ 144,300,000	\$ 69,873,059

* For the period December 20, 2010 (issuance date of shares) through October 31, 2011.

Notes to
Financial Statements (continued)

For financial reporting purposes only, the liquidation value of MTP Shares is recorded as a liability on the Statement of Assets and Liabilities. Unpaid dividends on MTP Shares are recognized as a component of “Interest payable” on the Statement of Assets and Liabilities. Dividends paid on MTP Shares are recognized as a component of “Interest expense and amortization of offering costs” on the Statement of Operations.

Net amounts earned by Nuveen as the underwriter of each Fund’s MTP Share offering was recorded as a reduction of offering costs recognized by the Funds. For the fiscal year ended October 31, 2011, the amounts earned by Nuveen were as follows:

	Dividend Advantage (NAD)	Dividend Advantage 3 (NZF)*
Net amounts earned by Nuveen	\$ —	\$ 6,328

* For the period December 20, 2010 (issuance date of shares) through October 31, 2011.

Variable Rate MuniFund Term Preferred Shares

The following funds have issued and outstanding Variable Rate MuniFund Term Preferred (“VMTP”) Shares, with \$100,000 liquidation value per share. Performance Plus (NPP), Dividend Advantage (NAD) and Dividend Advantage 3 (NZF) issued their VMTP Shares in a privately negotiated offering in February 2011, July 2011 and September 2011, respectively. Proceeds from the issuance of VMTP Shares, net of offering expenses, were used to redeem each Fund’s outstanding ARPS. The Fund’s VMTP Shares were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. As of October 31, 2011, the number of VMTP Shares outstanding at liquidation value for each Fund are as follows:

	Performance Plus (NPP)	Dividend Advantage (NAD)	Dividend Advantage 3 (NZF)
Series 2014	\$ 421,700,000	\$ 120,400,000	\$ 169,200,000

Each Fund is obligated to redeem its VMTP Shares by the date as specified in its offering document (“Term Redemption Date”), unless earlier redeemed or repurchased by the Fund. VMTP Shares are subject to optional and mandatory redemption in certain circumstances. The VMTP Shares are subject to redemption at the option of each Fund (“Optional Redemption Date”), subject to payment of premium for one year following the Optional Redemption Date (“Premium Expiration Date”), and at par thereafter. Each Fund may be obligated to redeem certain of the VMTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. The Term Redemption Date, Optional Redemption Date and Premium Expiration Date for each Fund’s VMTP Shares as follows:

	Performance Plus (NPP)	Dividend Advantage (NAD)	Dividend Advantage 3 (NZF)
Term Redemption Date	March 1, 2014	August 1, 2014	October 1, 2014
Optional Redemption Date			

	March 1, 2012	August 1, 2012	October 1, 2012
Premium Expiration Date	February 29, 2012	July 31, 2012	September 30, 2012

The average liquidation value of VMTP Shares outstanding and average annualized dividend rate of VMTP Shares for each Fund during the fiscal year ended October 31, 2011, were as follows:

	Performance Plus (NPP)*	Dividend Advantage (NAD)**	Dividend Advantage 3 (NZF)***
Average liquidation Value of VMTP Shares outstanding	\$ 421,700,000	\$ 120,400,000	\$ 169,200,000
Average annualized dividend rate	1.43%	1.21%	1.15%

* For the period February 24, 2011 (issuance date of shares) through October 31, 2011.

** For the period July 28, 2011 (issuance date of shares) through October 31, 2011.

*** For the period September 8, 2011 (issuance date of shares) through October 31, 2011.

Dividends on the VMTP Shares (which are treated as interest payments for financial reporting purposes) are set weekly. For financial reporting purposes only, the liquidation value of VMTP Shares is recorded as a liability on the Statement of Assets and Liabilities. Unpaid dividends on VMTP Shares are recognized as a component of “Interest payable” on the Statement of Assets and Liabilities. Dividends paid on VMTP Shares are recognized as a component of “Interest expense and amortization of offering costs” on the Statement of Operations.

Variable Rate Demand Preferred Shares

The following funds have issued and outstanding Variable Rate Demand Preferred (“VRDP”) Shares, with a \$100,000 liquidation value per share. Municipal Advantage (NMA), Market Opportunity (NMO) and Dividend Advantage 2 (NXZ) issued their VRDP Shares in a privately negotiated offering

during March 2010, March 2010 and August 2008, respectively. Concurrent with renewing agreements with the liquidity provider for its VRDP Shares in June 2010, Dividend Advantage 2 (NXZ) exchanged all of its 1,960 Series 1 VRDP Shares for 1,960 Series 2 VRDP Shares. The principal difference in terms between Series 1 and Series 2 VRDP Shares in Dividend Advantage 2 (NXZ) is the requirement that the Fund redeem VRDP Shares owned by the liquidity provider if the VRDP Shares have been owned by the liquidity provider through six months of continuous, unsuccessful remarketing. Proceeds of each Fund's offering were used to redeem all, or a portion of, each Fund's outstanding ARPS. The VRDP Shares were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933. As of October 31, 2011, the number of VRDP Shares outstanding and maturity date for each Fund are as follows:

	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage 2 (NXZ)
Series	1	1	2
Shares outstanding	2,968	3,509	1,960
Maturity	March 1, 2040	March 1, 2040	August 1, 2040

VRDP Shares include a liquidity feature that allows VRDP shareholders to have their shares purchased by a liquidity provider with whom each Fund has contracted in the event that purchase orders for VRDP Shares in a remarketing are not sufficient in number to be matched with the sale orders in that remarketing. Each Fund is required to redeem any VRDP Shares that are still owned by the liquidity provider after six months of continuous, unsuccessful remarketing.

Dividends on the VRDP Shares (which are treated as interest payments for financial reporting purposes) are set weekly at a rate established by a remarketing agent; therefore, the market value of the VRDP Shares is expected to approximate its liquidation value. If remarketings for VRDP Shares are continuously unsuccessful for six months, the maximum rate is designed to escalate according to a specified schedule in order to enhance the remarketing agent's ability to successfully remarket the VRDP Shares.

Subject to certain conditions, VRDP Shares may be redeemed, in whole or in part, at any time at the option of each Fund. Each Fund may also redeem certain of the VRDP Shares if the Fund fails to maintain certain asset coverage requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends.

The average liquidation value outstanding and annualized dividend rate of VRDP Shares for each Fund during fiscal year ended October 31, 2011, were as follows:

	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage 2 (NXZ)
Average liquidation value outstanding	\$ 296,800,000	\$ 350,900,000	\$ 196,000,000
Annualized dividend rate	0.40%	0.41%	0.37%

For financial reporting purposes only, the liquidation value of VRDP Shares is recognized as a liability on the Statement of Assets and Liabilities. Unpaid dividends on VRDP Shares are recognized as a component of "Interest payable" on the Statement of Assets and Liabilities. Dividends paid on the VRDP Shares are recognized as a component of "Interest expense and amortization of offering costs" on the Statement of Operations. In addition to interest expense, each Fund also pays a per annum liquidity fee to the liquidity provider as well as a remarketing fee, which are recognized as components of "Fees on VRDP Shares" on the Statement of Operations.

Inverse Floating Rate Securities

Each Fund is authorized to invest in inverse floating rate securities. An inverse floating rate security is created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. In turn, this trust (a) issues floating rate certificates, in face amounts equal to some fraction of the deposited bond's par amount or market value, that typically pay short-term tax-exempt interest rates to third parties, and (b) issues to a long-term investor (such as one of the Funds) an inverse floating rate certificate (sometimes referred to as an "inverse floater") that represents all remaining or residual interest in the trust. The income received by the inverse floater holder varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the inverse floater holder bears substantially all of the underlying bond's downside investment risk and also benefits disproportionately from any potential appreciation of the underlying bond's value. The price of an inverse floating rate security will be more volatile than that of the underlying bond because the interest rate is dependent on not only the fixed coupon rate of the underlying bond but also on the short-term interest paid on the floating rate certificates, and because the inverse floating rate security essentially bears the risk of loss of the greater face value of the underlying bond.

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an "externally-deposited inverse floater"), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a "self-deposited inverse floater"). The inverse floater held by a Fund gives the Fund the right (a) to cause the holders of the floating rate certificates to tender their notes at par, and (b) to have the broker transfer the fixed-rate bond held by the trust to the Fund, thereby collapsing the trust. An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as "(IF) – Inverse floating rate investment." An investment in a self-deposited inverse floater is accounted for as a financing transaction. In such instances,

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a fixed-rate bond deposited into a special purpose trust is identified in the Portfolio of Investments as “(UB) – Underlying bond of an inverse floating rate trust reflected as a financing transaction,” with the Fund accounting for the short-term floating rate certificates issued by the trust as “Floating rate obligations” on the Statement of Assets and Liabilities. In addition, the Fund reflects in “Investment Income” the entire earnings of the underlying bond and recognizes the related interest paid to the holders of the short-term floating rate certificates as a component of “Interest expense and amortization of offering costs” on the Statement of Operations.

During the fiscal year ended October 31, 2011, each Fund invested in externally-deposited inverse floaters and/or self-deposited inverse floaters.

Each Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a “recourse trust” or “credit recovery swap”) (such agreements referred to herein as “Recourse Trusts”) with a broker-dealer by which a Fund agrees to reimburse the broker-dealer, in certain circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates issued by the trust plus any shortfalls in interest cash flows. Under these agreements, a Fund’s potential exposure to losses related to or on inverse floaters may increase beyond the value of a Fund’s inverse floater investments as a Fund may potentially be liable to fulfill all amounts owed to holders of the floating rate certificates. At period end, any such shortfall is recognized as “Unrealized depreciation on Recourse Trusts” on the Statement of Assets and Liabilities. At

October 31, 2011, each Fund’s maximum exposure to externally-deposited Recourse Trusts was as follows:

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Maximum exposure to Recourse Trusts	\$ 18,750,000	\$ 11,250,000	\$ 7,500,000	\$ 11,250,000	\$ 11,250,000	\$ —

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the fiscal year ended October 31, 2011, were as follows:

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Average floating rate obligations outstanding	\$ 41,089,315	\$ 57,843,402	\$ 43,530,000	\$ 51,605,000	\$ 26,498,904	\$ 62,801,342
Average annual interest rate and fees	0.69%	0.58%	0.56%	0.49%	0.65%	0.66%

Derivative Financial Instruments

Each Fund is authorized to invest in certain derivative instruments, including foreign currency forwards, futures, options and swap contracts. Although each Fund is authorized to invest in such derivative instruments, and may do so in the future, they did not make any such investments during the fiscal year ended October 31, 2011.

Market and Counterparty Credit Risk

In the normal course of business each Fund may invest in financial instruments and enter into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the other party to the transaction to perform (counterparty credit risk). The potential loss could exceed the value of the financial assets recorded on the financial statements. Financial assets, which potentially expose each Fund to counterparty credit risk, consist principally of cash due from counterparties on forward, option and swap transactions, when applicable. The extent of each Fund's exposure to counterparty credit risk in respect to these financial assets approximates their carrying value as recorded on the Statement of Assets and Liabilities. Futures contracts, when applicable, expose a Fund to minimal counterparty credit risk as they are exchange traded and the exchange's clearinghouse, which is counterparty to all exchange traded futures, guarantees the futures contracts against default.

Each Fund helps manage counterparty credit risk by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations and by having the Adviser monitor the financial stability of the counterparties. Additionally, counterparties may be required to pledge collateral daily (based on the daily valuation of the financial asset) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when each Fund has an unrealized loss, the Funds have instructed the custodian to pledge assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the valuations fluctuate, either up or down, by at least the predetermined threshold amount.

Zero Coupon Securities

Each Fund is authorized to invest in zero coupon securities. A zero coupon security does not pay a regular interest coupon to its holders during the life of the security. Tax-exempt income to the holder of the security comes from accretion of the difference between the original purchase price of the security at issuance and the par value of the security at maturity and is effectively paid at maturity. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

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Offering Costs

Costs incurred by Dividend Advantage (NAD) and Dividend Advantage 3 (NZF) in connection with their offerings of MTP Shares (\$2,559,500 and \$1,435,000, respectively), were recorded as deferred charges, which are being amortized over the life of the shares. Costs incurred by Performance Plus (NPP), Dividend Advantage (NAD) and Dividend Advantage 3 (NZF) in connection with their offerings of VMTP Shares (\$1,780,000, \$260,000 and \$770,000, respectively), were recorded as deferred charges, which are being amortized over the life of the shares. Costs incurred by Municipal Advantage (NMA), Market Opportunity (NMO) and Dividend Advantage 2 (NXZ) in connection with their offerings of VRDP Shares (\$2,134,000, \$4,214,000 and \$2,270,000, respectively), were recorded as deferred charges, which are being amortized over the life of the shares. Each Fund's amortized deferred charges are recognized as a component of "Interest expense and amortization of offering costs" on the Statement of Operations.

Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by net credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Credits for cash balances may be offset by charges for any days on which a Fund overdraws its account at the custodian bank.

Indemnifications

Under the Funds' organizational documents, their officers and directors/trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds enter into contracts that provide general indemnifications to other parties. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets applicable to Common shares from operations during the reporting period. Actual results may differ from those estimates.

2. Fair Value Measurements

Fair value is defined as the price that the Funds would receive upon selling an investment or transferring a liability in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. A three-tier hierarchy is used to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability. Observable inputs are based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability. Unobservable inputs are based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical securities.
- Level 2 – Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 – Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

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The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of each Fund's fair value measurements as of October 31, 2011:

Performance Plus (NPP)		Level 1	Level 2	Level 3	Total
Investments:					
Municipal Bonds	\$	-\$ 1,321,271,982	\$	-\$ 1,321,271,982	
Municipal Advantage (NMA)		Level 1	Level 2	Level 3	Total
Investments:					
Municipal Bonds	\$	-\$ 936,052,529	\$	111,150	\$ 936,163,679
Market Opportunity (NMO)		Level 1	Level 2	Level 3	Total
Investments:					
Municipal Bonds	\$	-\$ 985,313,481	\$	-\$ 985,313,481	
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Dividend Advantage (NAD)	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$ 860,539,202	\$ 111,150	\$ 860,650,352
Investment Companies	559,780	—	—	559,780
Total	\$ 559,780	\$ 860,539,202	\$ 111,150	\$ 861,210,132
Dividend Advantage 2 (NXZ)				
Investments:				
Municipal Bonds	\$ —	\$ 601,940,274	\$ —	\$ 601,940,274
Dividend Advantage 3 (NZF)				
Investments:				
Municipal Bonds	\$ —	\$ 812,066,316	\$ 266,760	\$ 812,333,076
Investment Companies	3,494,628	—	—	3,494,628
Short-Term Investments	—	25,200,000	—	25,200,000
Total	\$ 3,494,628	\$ 837,266,316	\$ 266,760	\$ 841,027,704

The following is a reconciliation of the Funds' Level 3 investments held at the beginning and end of the measurement period:

	Municipal Advantage (NMA) Level 3 Municipal Bonds	Dividend Advantage (NAD) Level 3 Municipal Bonds	Dividend Advantage 2 (NXZ) Level 3 Municipal Bonds	Dividend Advantage 3 (NZF) Level 3 Municipal Bonds
Balance at the beginning of year	\$ 462,475	\$ 78,062	\$ 2,333,250	\$ 187,349
Gains (losses):				
Net realized gains (losses)	6,799	6,799	—	(17,141)
Net change in unrealized appreciation (depreciation)	(106,276)	26,289	(804,671)	96,552
Purchases at cost	—	—	—	—
Sales at proceeds	(79,510)	—	(482,600)	—
Net discounts (premiums)	—	—	49	—
Transfers in to	—	—	—	—
Transfers out of	(172,338)	—	(1,046,028)	—
Balance at the end of year	\$ 111,150	\$ 111,150	\$ —	\$ 266,760
Change in net unrealized appreciation (depreciation) during the year of Level 3 securities held as of October 31, 2011	\$ 26,289	\$ 26,289	\$ —	\$ 96,552

During the fiscal year ended October 31, 2011, the Funds recognized no significant transfers to or from Level 1 or Level 2. Transfers in and/or out of Level 3 are shown using end of period values.

3. Derivative Instruments and Hedging Activities

The Funds record derivative instruments at fair value, with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Funds' investments in derivatives may represent economic hedges, they

are not considered to be hedge transactions for financial reporting purposes. The Funds did not invest in derivative instruments during the fiscal year ended October 31, 2011.

4. Fund Shares

Common Shares

Since the inception of the Funds' repurchase programs, the Funds have not repurchased any of their outstanding Common shares.

Transactions in Common shares were as follows:

	Performance Plus (NPP)		Municipal Advantage (NMA)		Market Opportunity (NMO)	
	Year	Year	Year	Year	Year	Year
	Ended	Ended	Ended	Ended	Ended	Ended
	10/31/11	10/31/10	10/31/11	10/31/10	10/31/11	10/31/10
Common shares issued to shareholders due to reinvestment of distributions	19,498	18,891	153,403	202,701	80,513	170,873

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	Dividend Advantage (NAD)		Dividend Advantage 2 (NXZ)		Dividend Advantage 3 (NZF)	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	10/31/11	10/31/10	10/31/11	10/31/10	10/31/11	10/31/10
Common shares issued to shareholders due to reinvestment of distributions	4,564	4,490	4,192	21,264	4,537	9,310

Preferred Shares

Transactions in ARPS were as follows:

	Performance Plus (NPP)				Municipal Advantage (NMA)			
	Year Ended		Year Ended		Year Ended		Year Ended	
	10/31/11	10/31/10	10/31/11	10/31/10	10/31/11	10/31/10	10/31/11	10/31/10
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series M	3,507	\$ 87,675,000	—	—	N/A	N/A	2,457	\$ 61,425,000
Series T	3,506	87,650,000	—	—	N/A	N/A	2,457	61,425,000
Series W	3,505	87,625,000	—	—	N/A	N/A	2,456	61,400,000
Series TH	2,770	69,250,000	—	—	N/A	N/A	1,901	47,525,000
Series F	3,508	87,700,000	—	—	N/A	N/A	2,457	61,425,000
Total	16,796	\$ 419,900,000	—	—	N/A	N/A	11,728	\$ 293,200,000

	Market Opportunity (NMO)				Dividend Advantage (NAD)			
	Year Ended		Year Ended		Year Ended		Year Ended	
	10/31/11	10/31/10	10/31/11	10/31/10	10/31/11	10/31/10	10/31/11	10/31/10
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series M	N/A	N/A	3,649	\$ 91,225,000	1,628	\$ 40,700,000	1,922	\$ 48,050,000
Series T	N/A	N/A	3,648	91,200,000	1,628	40,700,000	1,921	48,025,000
Series W	N/A	N/A	2,920	73,000,000	—	—	—	—
Series TH	N/A	N/A	—	—	1,547	38,675,000	1,826	45,650,000
Series F	N/A	N/A	3,650	91,250,000	—	—	—	—
Total	N/A	N/A	13,867	\$ 346,675,000	4,803	\$ 120,075,000	5,669	\$ 141,725,000

	Dividend Advantage 3 (NZF)			
	Year Ended		Year Ended	
	10/31/11	10/31/10	10/31/11	10/31/10
	Shares	Amount	Shares	Amount
ARPS redeemed:				

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Series W	3,159	\$	78,975,000	—	\$	—
Series TH	3,159		78,975,000	—		—
Series F	3,160		79,000,000	—		—
Total	9,478	\$	236,950,000	—	\$	—

N/A – As of October 31, 2010, the Fund redeemed all of its outstanding ARPS at liquidation value.

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Financial Statements (continued)

Transactions in MTP Shares were as follows:

	Dividend Advantage (NAD)				Dividend Advantage 3 (NZF)			
	Year Ended 10/31/11		Year Ended 10/31/10		Year Ended 10/31/11		Year Ended 10/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
MTP Shares issued:								
Series 2015	—	\$ —	14,430,000	\$ 144,300,000	—	\$ —	—	\$ —
Series 2016	—	—	—	—	7,000,000	70,000,000	—	—
Total	—	\$ —	14,430,000	\$ 144,300,000	7,000,000	\$ 70,000,000	—	\$ —

Transactions in VMTP Shares were as follows:

	Performance Plus (NPP)			
	Year Ended 10/31/11		Year Ended 10/31/10	
	Shares	Amount	Shares	Amount
VMTP Shares issued:				
Series 2014	4,217	\$ 421,700,000	—	\$ —

	Dividend Advantage (NAD)				Dividend Advantage 3 (NZF)			
	Year Ended 10/31/11		Year Ended 10/31/10		Year Ended 10/31/11		Year Ended 10/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
VMTP Shares issued:								
Series 2014	1,204	\$ 120,400,000	—	\$ —	1,692	\$ 169,200,000	—	\$ —

Transactions in VRDP Shares were as follows:

	Municipal Advantage (NMA)				Market Opportunity (NMO)			
	Year Ended 10/31/11		Year Ended 10/31/10		Year Ended 10/31/11		Year Ended 10/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
VRDP Shares issued:								
Series 1	—	\$ —	2,968	\$ 296,800,000	—	\$ —	3,509	\$ 350,900,000

During the fiscal year ended October 31, 2010, Dividend Advantage 2 (NXZ) completed a private exchange offer in which all of its 1,960 Series 1 VRDP Shares were exchanged for 1,960 Series 2 VRDP Shares.

5. Investment Transactions

Purchases and sales (including maturities but excluding short-term investments, where applicable) during the fiscal year ended October 31, 2011, were as follows:

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Purchases	\$ 125,871,204	\$ 134,828,212	\$ 153,734,830	\$ 128,568,854	\$ 243,875,221	\$ 250,046,891
Sales and maturities	160,856,247	178,925,746	139,793,839	132,702,951	275,555,510	314,415,649

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6. Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts as detailed below. Temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

At October 31, 2011, the cost and unrealized appreciation (depreciation) of investments, as determined on a federal income tax basis, were as follows:

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Cost of investments	\$ 1,241,560,172	\$ 885,106,608	\$ 955,318,294	\$ 805,735,734	\$ 585,874,967	\$ 783,495,786
Gross unrealized:						
Appreciation	\$ 79,025,537	\$ 41,305,101	\$ 38,689,866	\$ 46,371,204	\$ 29,165,729	\$ 30,153,912
Depreciation	(39,328,366)	(36,761,064)	(52,225,707)	(42,501,529)	(31,367,561)	(28,175,367)
Net unrealized appreciation (depreciation) of investments	\$ 39,697,171	\$ 4,544,037	\$ (13,535,841)	\$ 3,869,675	\$ (2,201,832)	\$ 1,978,545

Permanent differences, primarily due to federal taxes paid, taxable market discount, non-deductible offering costs, and distribution character reclassifications, resulted in reclassifications among the Funds' components of Common share net assets at October 31, 2011, the Funds' tax year end, as follows:

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Paid-in surplus	\$ (401,701)	\$ (158,587)	\$ (116,246)	\$ (508,259)	\$ (72,722)	\$ (276,739)
Undistributed (Over-distribution of) net investment income	115,644	33,150	84,702	180,996	41,005	242,350
Accumulated net realized gain (loss)	286,057	125,437	31,544	327,263	31,717	34,389

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at October 31, 2011, the Funds' tax year end, were as follows:

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Undistributed net tax-exempt income *	\$ 21,299,788	\$ 8,659,106	\$ 8,179,853	\$ 12,307,116	\$ 7,437,168	\$ 12,793,543
Undistributed net ordinary income **	14,771	1,375,267	47,871	273,949	135,183	24,938

Undistributed net long-term capital gains	— 6,010,671	— 1,862,934	5,456,117	1,651,370
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*Undistributed net tax-exempt income (on a tax basis has not been reduced for the dividend declared on October 3, 2011, paid on November 1, 2011.)

**Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

The tax character of distributions paid during the Funds' tax years ended October 31, 2011 and October 31, 2010, was designated for purposes of the dividends paid deduction as follows:

	Performance	Municipal	Market	Dividend	Dividend	Dividend
	Plus	Advantage	Opportunity	Advantage	Advantage	Advantage
	(NPP)	(NMA)	(NMO)	(NAD)	(NXZ)	(NZF)
2011						
Distributions from net tax-exempt income ***	\$ 60,810,670	\$ 44,257,385	\$ 46,042,502	\$ 40,333,683	\$ 29,009,098	\$ 42,015,540
Distributions from net ordinary income **	498,412	391,525	—	—	—	—
Distributions from net long-term capital gains ****	5,536,530	3,406,265	—	—	—	639,625
2010						
Distributions from net tax-exempt income	\$ 56,430,144	\$ 43,084,415	\$ 45,084,665	\$ 38,498,093	\$ 28,872,454	\$ 39,033,313
Distributions from net ordinary income **	23,738	63,961	—	—	409,165	830,966
Distributions from net long-term capital gains	863,865	3,011,399	—	—	—	1,901,758

** Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

*** The Funds hereby designate these amounts paid during the fiscal year ended October 31, 2011, as Exempt Interest Dividends.

**** The Funds designated as a long-term capital gain dividend, pursuant to the Internal Revenue Code Section 852 (b) (3), the amount necessary to reduce earnings and profits of the Funds related to net capital gain to zero for the tax year ended October 31, 2011.

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Financial Statements (continued)

At October 31, 2011, the Funds' tax year end, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

	Performance Plus (NPP)	Market Opportunity (NMO)
Expiration:		
October 31, 2014	\$ —	\$ 1,437,187
October 31, 2015	—	1,902,879
October 31, 2016	—	1,398,166
October 31, 2019	310,323	3,031,141
Total	\$ 310,323	\$ 7,769,373

During Funds' tax year ended October 31, 2011, the following Funds utilized capital loss carryforwards as follows:

	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)
Utilized capital loss carryforwards	\$ 4,042,731	\$ 862,140

7. Management Fees and Other Transactions with Affiliates

Each Fund's management fee consists of two components — a fund-level fee, based only on the amount of assets within the Fund, and a complex-level fee, based on the aggregate amount of all eligible fund assets managed by the Adviser. This pricing structure enables Fund shareholders to benefit from growth in the assets within their respective Fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee for each Fund, payable monthly, is calculated according to the following schedules:

Average Daily Managed Assets*	Performance Plus (NPP) Municipal Advantage (NMA) Market Opportunity (NMO) Fund-Level Fee Rate
For the first \$125 million	.4500%
For the next \$125 million	.4375
For the next \$250 million	.4250
For the next \$500 million	.4125
For the next \$1 billion	.4000
For the next \$3 billion	.3875
For managed assets over \$5 billion	.3750

Dividend Advantage (NAD)
Dividend Advantage 2 (NXZ)
Dividend Advantage 3 (NZF)

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Average Daily Managed Assets*	Fund-Level Fee Rate
For the first \$125 million	.4500%
For the next \$125 million	.4375
For the next \$250 million	.4250
For the next \$500 million	.4125
For the next \$1 billion	.4000
For managed assets over \$2 billion	.3750

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The annual complex-level fee for each Fund, payable monthly, is calculated according to the following schedule:

Complex-Level Managed Asset Breakpoint Level*	Effective Rate at Breakpoint Level
\$55 billion	.2000%
\$56 billion	.1996
\$57 billion	.1989
\$60 billion	.1961
\$63 billion	.1931
\$66 billion	.1900
\$71 billion	.1851
\$76 billion	.1806
\$80 billion	.1773
\$91 billion	.1691
\$125 billion	.1599
\$200 billion	.1505
\$250 billion	.1469
\$300 billion	.1445

* For the fund-level and complex-level fees, managed assets include closed-end fund assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Adviser as to certain funds to limit the amount of such assets for determining managed assets in certain circumstances. The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen Funds that constitute "eligible assets." Eligible assets do not include assets attributable to investments in other Nuveen Funds or assets in excess of \$2 billion added to the Nuveen Fund complex in connection with the Adviser's assumption of the management of the former First American Funds effective January 1, 2011. As of October 31, 2011, the complex-level fee rate for these Funds was .1759%.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser has entered into sub-advisory agreements with the Sub-Adviser under which the Sub-Adviser manages the investment portfolios of the Funds. The Sub-Adviser is compensated for its services to the Funds from the management fees paid to the Adviser.

The Funds pay no compensation directly to those of its directors/trustees who are affiliated with the Adviser or to its officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Directors/Trustees has adopted a deferred compensation plan for independent directors/trustees that enables directors/trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen-advised funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen-advised funds.

For the first ten years of Dividend Advantage 2's (NXZ) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily managed assets, for fees and expenses in the amounts and for the time periods set forth below:

Year Ending
March 31,

Year Ending
March 31,

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2001*	.30%	2007	.25%
2002	.30	2008	.20
2003	.30	2009	.15
2004	.30	2010	.10
2005	.30	2011	.05
2006	.30		

* From the commencement of operations.

The Adviser has not agreed to reimburse Dividend Advantage 2 (NXZ) for any portion of its fees and expenses beyond March 31, 2011. For the first ten years of Dividend Advantage 3's (NZF) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily managed assets, for fees and expenses in the amounts and for the time periods set forth below:

Year Ending September 30,		Year Ending September 30,	
2001*	.30%	2007	.25%
2002	.30	2008	.20
2003	.30	2009	.15
2004	.30	2010	.10
2005	.30	2011	.05
2006	.30		

* From the commencement of operations.

The Adviser has not agreed to reimburse Dividend Advantage 3 (NZF) for any portion of its fees and expenses beyond September 30, 2011.

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Financial Statements (continued)

8. New Accounting Pronouncements

Fair Value Measurements and Disclosures

On May 12, 2011, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2011-04 (“ASU No. 2011-04”) modifying Topic 820, Fair Value Measurements and Disclosures. At the same time, the International Accounting Standards Board (“IASB”) issued International Financial Reporting Standard (“IFRS”) 13, Fair Value Measurement. The objective of the FASB and IASB is convergence of their guidance on fair value measurements and disclosures. Specifically, ASU No. 2011-04 requires reporting entities to disclose i) the amounts of any transfers between Level 1 and Level 2 and the reasons for the transfers and ii) for Level 3 fair value measurements, a) quantitative information about significant unobservable inputs used, b) a description of the valuation processes used by the reporting entity and c) a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs might result in a significantly higher or lower fair value measurement. The effective date of ASU No. 2011-04 is for interim and annual periods beginning after December 15, 2011. At this time, management is evaluating the implications of this guidance and the impact it will have on the financial statement amounts and footnote disclosures, if any.

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Annual Investment Management
Agreement Approval Process (Unaudited)

The Board of Trustees or Directors (as the case may be) (each, a “Board” and each Trustee or Director, a “Board Member”) of the Funds, including the Board Members who are not parties to the Funds’ advisory or sub-advisory agreements or “interested persons” of any such parties (the “Independent Board Members”), is responsible for approving the advisory agreements (each, an “Investment Management Agreement”) between each Fund and Nuveen Fund Advisors, Inc. (the “Advisor”) and the sub-advisory agreements (each a “Sub-Advisory Agreement”) between the Advisor and Nuveen Asset Management, LLC (the “Sub-Advisor”) (the Investment Management Agreements and the Sub-Advisory Agreements are referred to collectively as the “Advisory Agreements”) and their periodic continuation. Pursuant to the Investment Company Act of 1940, as amended (the “1940 Act”), the Board is generally required to consider the continuation of advisory agreements and sub-advisory agreements on an annual basis. Accordingly, at an in-person meeting held on May 23-25, 2011 (the “May Meeting”), the Board, including a majority of the Independent Board Members, considered and approved the continuation of the Advisory Agreements for the Funds for an additional one-year period.

In preparation for their considerations at the May Meeting, the Board requested and received extensive materials prepared in connection with the review of the Advisory Agreements. The materials provided a broad range of information regarding the Funds, the Advisor and the Sub-Advisor (the Advisor and the Sub-Advisor are collectively, the “Fund Advisers” and each, a “Fund Adviser”). As described in more detail below, the information provided included, among other things, a review of Fund performance, including Fund investment performance assessments against peer groups and appropriate benchmarks, a comparison of Fund fees and expenses relative to peers, a description and assessment of shareholder service levels for the Funds, a summary of the performance of certain service providers, a review of product initiatives and shareholder communications and an analysis of the Advisor’s profitability with comparisons to comparable peers in the managed fund business. As part of their annual review, the Board also held a separate meeting on April 19-20, 2011, to review the Funds’ investment performance and consider an analysis provided by the Advisor of the Sub-Advisor which generally evaluated the Sub-Advisor’s investment team, investment mandate, organizational structure and history, investment philosophy and process, performance of the applicable Fund, and significant changes to the foregoing. As a result of their review of the materials and discussions, the Board presented the Advisor with questions and the Advisor responded.

Annual Investment Management Agreement
Approval Process (Unaudited) (continued)

The materials and information prepared in connection with the review of the Advisory Agreements at the May Meeting supplemented the information provided to the Board during the year. In this regard, throughout the year, the Board, acting directly or through its committees, regularly reviews the performance and various services provided by the Advisor and, since the internal restructuring described in Section A below, the Sub-Advisor. The Board meets at least quarterly as well as at other times as the need arises. At its quarterly meetings, the Board reviews reports by the Advisor which include, among other things, Fund performance, a review of the investment teams and compliance reports. The Board also meets with key investment personnel managing the Fund portfolios during the year. In addition, the Board continues its program of seeking to visit each sub-advisor to the Nuveen funds at least once over a multiple year rotation, meeting with key investment and business personnel. The Board also met with State Street Bank & Trust Company, the Funds' accountant and custodian, in 2010. The Board considers factors and information that are relevant to its consideration of the renewal of the Advisory Agreements at these meetings held throughout the year. Accordingly, the Board considered the information provided and knowledge gained at these meetings when performing its review at the May Meeting of the Advisory Agreements. The Independent Board Members are assisted throughout the process by independent legal counsel who provided materials describing applicable law and the duties of directors or trustees in reviewing advisory contracts and met with the Independent Board Members in executive sessions without management present.

The Board considered all factors it believed relevant with respect to each Fund, including among other factors: (a) the nature, extent and quality of the services provided by the Fund Advisers, (b) the investment performance of the Fund and Fund Advisers, (c) the advisory fees and costs of the services to be provided to the Funds and the profitability of the Fund Advisers, (d) the extent of any economies of scale, (e) any benefits derived by the Fund Advisers from the relationship with the Fund and (f) other factors. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to a Fund's Advisory Agreements. The Independent Board Members did not identify any single factor as all important or controlling. The Independent Board Members' considerations were instead based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

A. Nature, Extent and Quality of Services

In considering renewal of the Advisory Agreements, the Independent Board Members considered the nature, extent and quality of the Fund Adviser's services, including advisory services and the resulting Fund performance and administrative services. The Independent Board Members reviewed materials outlining, among other things, the Fund Adviser's organization and business; the types of services that the Fund Adviser or

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its affiliates provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen had taken for the applicable fund product line.

In considering advisory services, the Board recognized that the Advisor provides various oversight, administrative, compliance and other services for the Funds and the Sub-Advisor provides the portfolio investment management services to the Funds. The Board recognized that Nuveen engaged in an internal restructuring in 2010 pursuant to which portfolio management services the Advisor had provided directly to the Funds were transferred to the Sub-Advisor, a newly-organized, wholly-owned subsidiary of the Advisor consisting of largely the same investment personnel. Accordingly, in reviewing the portfolio management services provided to each Fund, the Board reviewed the materials provided by the Nuveen Investment Services Oversight Team analyzing, among other things, the Sub-Advisor's investment team and changes thereto, organization and history, assets under management, Fund objectives and mandate, the investment team's philosophy and strategies in managing the Fund, developments affecting the Sub-Advisor or Fund and Fund performance. The Independent Board Members also reviewed portfolio manager compensation arrangements to evaluate each Fund Adviser's ability to attract and retain high quality investment personnel, preserve stability, and reward performance but not provide an incentive to take undue risks. In addition, the Board considered the Advisor's execution of its oversight responsibilities over the Sub-Advisor. Given the importance of compliance, the Independent Board Members also considered Nuveen's compliance program, including the report of the chief compliance officer regarding the Funds' compliance policies and procedures.

In addition to advisory services, the Board considered the quality and extent of administrative and other non-investment advisory services the Advisor and its affiliates provide to the Funds, including product management, investment services (such as oversight of investment policies and procedures, risk management, and pricing), fund administration, oversight of service providers, shareholder services, administration of Board relations, regulatory and portfolio compliance, legal support, managing leverage and promoting an orderly secondary market for common shares.

In reviewing the services provided, the Board also reviewed materials describing various notable initiatives and projects the Advisor performed in connection with the closed-end fund product line. These initiatives included continued activities to refinance auction rate preferred securities; ongoing services to manage leverage that has become increasingly complex; continued secondary market offerings and share repurchases for certain funds; and continued communications efforts with shareholders, fund analysts and financial advisers. With respect to the latter, the Independent Board Members noted Nuveen's continued commitment to supporting the secondary market for the common

Annual Investment Management Agreement
Approval Process (Unaudited) (continued)

shares of its closed-end funds through a comprehensive secondary market communication program designed to raise investor and analyst awareness and understanding of closed-end funds. Nuveen's support services included, among other things: continuing communications in support of refinancing efforts related to auction rate preferred securities; participating in conferences; communicating continually with closed-end fund analysts covering the Nuveen funds; providing marketing for the closed-end funds; share purchases; and maintaining and enhancing a closed-end fund website.

Based on their review, the Independent Board Members found that, overall, the nature, extent and quality of services provided to the respective Funds under each applicable Advisory Agreement were satisfactory.

B. The Investment Performance of the Funds and Fund Advisers

The Board, including the Independent Board Members, reviewed and considered the performance history of each Fund over various time periods. The Board reviewed, among other things, each Fund's historic investment performance as well as information comparing the Fund's performance information with that of other funds (the "Performance Peer Group") based on data provided by an independent provider of mutual fund data and with recognized and/or customized benchmarks.

The Board reviewed reports, including a comprehensive analysis of the Funds' performance and the applicable investment team. In this regard, the Board reviewed each Fund's total return information compared to its Performance Peer Group for the quarter, one-, three- and five-year periods ending December 31, 2010 and for the same periods ending March 31, 2011. In addition, the Board reviewed each Fund's total return information compared to recognized and/or customized benchmarks for the quarter, one- and three-year periods ending December 31, 2010 and for the same periods ending March 31, 2011. The Independent Board Members also reviewed historic premium and discount levels, including a summary of actions taken to address or discuss other developments affecting the secondary market discounts of various funds. This information supplemented the Fund performance information provided to the Board at each of its quarterly meetings.

In reviewing performance comparison information, the Independent Board Members recognized that the usefulness of the comparisons of the performance of certain funds with the performance of their respective Performance Peer Group may be limited because the Performance Peer Group may not adequately represent the objectives and strategies of the applicable funds or may be limited in size or number. The Independent Board Members also noted that the investment experience of a particular shareholder in the Nuveen funds will vary depending on when such shareholder invests in the applicable fund, the class held (if multiple classes are offered) and the performance of the fund (or respective class) during that shareholder's investment period.

In considering the results of the comparisons, the Independent Board Members observed, among other things, that (a) the Nuveen Dividend Advantage Municipal Fund 3 had demonstrated generally favorable performance in comparison to peers, performing in the first or second quartile over various periods and (b) the Nuveen Performance Plus Municipal Fund, Inc. (the “Performance Plus Fund”), the Nuveen Municipal Advantage Fund, Inc. (the “Municipal Advantage Fund”) and the Nuveen Dividend Advantage Municipal Fund (the “Dividend Advantage Fund”) each had demonstrated satisfactory performance compared to peers, performing in the second or third quartile over various periods. They also noted that the Nuveen Dividend Advantage Municipal Fund 2 lagged its peers somewhat in the shorter one- and three-year periods, but demonstrated more favorable performance in the longer five-year period, and that the Nuveen Municipal Market Opportunity Fund, Inc. (the “Municipal Market Opportunity Fund”) lagged its peers and/or benchmark over various periods. With respect to Nuveen funds that lagged their peers and/or benchmarks over various periods, the Independent Board Members considered the factors affecting performance and any steps taken or proposed to address performance issues, and were satisfied with the process followed.

With respect to any Nuveen funds that underperformed their peers and/or benchmarks from time to time, the Board monitors such funds closely and considers any steps necessary or appropriate to address such issues.

Except as otherwise noted above, based on their review, the Independent Board Members determined that each Fund’s investment performance had been satisfactory.

C. Fees, Expenses and Profitability

1. Fees and Expenses

The Board evaluated the management fees and expenses of each Fund reviewing, among other things, such Fund’s gross management fees, net management fees and net expense ratios in absolute terms as well as compared to the fee and expenses of a comparable universe of funds based on data provided by an independent fund data provider (the “Peer Universe”) and in certain cases, to a more focused subset of funds in the Peer Universe (the “Peer Group”) and any expense limitations.

The Independent Board Members further reviewed the methodology regarding the construction of the applicable Peer Universe and Peer Group (if any). In reviewing the comparisons of fee and expense information, the Independent Board Members took into account that in certain instances various factors such as: the asset level of a fund relative to peers; the limited size and particular composition of the Peer Universe or Peer Group; the investment objectives of the peers; expense anomalies; changes in the funds comprising the Peer Universe or Peer Group from year to year; levels of reimbursement; the timing of information used; and the differences in the type and use of leverage may impact the comparative data thereby limiting the ability to make a meaningful comparison with peers.

Annual Investment Management Agreement
Approval Process (Unaudited) (continued)

In reviewing the fee schedule for a Fund, the Independent Board Members also considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain closed-end funds launched since 1999). In reviewing fees and expenses, the Board considered the expenses and fees to be higher if they were over 10 basis points higher, slightly higher if they were 6 to 10 basis points higher, in line if they were within 5 basis points higher than the peer average and below if they were below the peer average of the Peer Group (if available) or Peer Universe if there was no separate Peer Group.

The Independent Board Members noted that the Municipal Advantage Fund and the Municipal Market Opportunity Fund had higher net management fees than their peer averages and a slightly higher or higher net expense ratio compared to their peer averages while the Dividend Advantage Fund and the Performance Plus Fund had net management fees slightly higher or higher than their peer averages but a net expense ratio below or in line with their peer averages. In addition, they noted that each of the other Funds had net management fees and net expense ratios below their peer averages.

Based on their review of the fee and expense information provided, the Independent Board Members determined that each Fund's management fees were reasonable in light of the nature, extent and quality of services provided to the Fund.

2. Comparisons with the Fees of Other Clients

The Independent Board Members further reviewed information regarding the nature of services and fee rates offered by the Advisor to other clients, including municipal separately managed accounts and passively managed exchange traded funds (ETFs) sub-advised by the Advisor. In evaluating the comparisons of fees, the Independent Board Members noted that the fee rates charged to the Funds and other clients vary, among other things, because of the different services involved and the additional regulatory and compliance requirements associated with registered investment companies, such as the Funds. Accordingly, the Independent Board Members considered the differences in the product types, including, but not limited to, the services provided, the structure and operations, product distribution and costs thereof, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Independent Board Members noted, in particular, that the range of services provided to the Funds (as discussed above) is much more extensive than that provided to separately managed accounts. Given the inherent differences in the products, particularly the extensive services provided to the Funds, the Independent Board Members believe such facts justify the different levels of fees.

In considering the fees of the Sub-Advisor, the Independent Board Members also considered the pricing schedule or fees that the Sub-Advisor charges for similar investment management services for other Nuveen funds.

3. Profitability of Fund Advisers

In conjunction with its review of fees, the Independent Board Members also considered the profitability of Nuveen for its advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers) and its financial condition. The Independent Board Members reviewed the revenues and expenses of Nuveen's advisory activities for the last two years, the allocation methodology used in preparing the profitability data and an analysis of the key drivers behind the changes in revenues and expenses that impacted profitability in 2010. The Independent Board Members noted this information supplemented the profitability information requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense reimbursement commitments). In this regard, the Independent Board Members noted that they have an Independent Board Member serve as a point person to review and keep them apprised of changes to the profitability analysis and/or methodologies during the year. The Independent Board Members also considered Nuveen's revenues for advisory activities, expenses, and profit margin compared to that of various unaffiliated management firms with similar amounts of assets under management and relatively comparable asset composition prepared by Nuveen.

In reviewing profitability, the Independent Board Members recognized the subjective nature of determining profitability which may be affected by numerous factors including the allocation of expenses. Further, the Independent Board Members recognized the difficulties in making comparisons as the profitability of other advisers generally is not publicly available and the profitability information that is available for certain advisers or management firms may not be representative of the industry and may be affected by, among other things, the adviser's particular business mix, capital costs, types of funds managed and expense allocations.

Notwithstanding the foregoing, the Independent Board Members reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In reviewing profitability, the Independent Board Members recognized Nuveen's investment in its fund business. Based on their review, the Independent Board Members concluded that the Advisor's level of profitability for its advisory activities was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Independent Board Members also considered other amounts paid to a Fund Adviser by the Funds as well as any indirect benefits (such as soft dollar arrangements, if any) the Fund Adviser and its affiliates receive, or are expected to receive, that are directly attributable to the management of the Funds, if any. See Section E below for additional

Annual Investment Management Agreement
Approval Process (Unaudited) (continued)

information on indirect benefits a Fund Adviser may receive as a result of its relationship with the Funds. Based on their review of the overall fee arrangements of each Fund, the Independent Board Members determined that the advisory fees and expenses of the respective Fund were reasonable.

D. Economies of Scale and Whether Fee Levels Reflect These Economies of Scale

With respect to economies of scale, the Independent Board Members have recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base, although economies of scale are difficult to measure and predict with precision, particularly on a fund-by-fund basis. One method to help ensure the shareholders share in these benefits is to include breakpoints in the advisory fee schedule. Generally, management fees for funds in the Nuveen complex are comprised of a fund-level component and a complex-level component, subject to certain exceptions. Accordingly, the Independent Board Members reviewed and considered the applicable fund-level breakpoints in the advisory fee schedules that reduce advisory fees as asset levels increase. Further, the Independent Board Members noted that although closed-end funds may from time-to-time make additional share offerings, the growth of their assets will occur primarily through the appreciation of such funds' investment portfolio.

In addition to fund-level advisory fee breakpoints, the Board also considered the Funds' complex-wide fee arrangement. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex are generally reduced as the assets in the fund complex reach certain levels. The complex-wide fee arrangement seeks to provide the benefits of economies of scale to fund shareholders when total fund complex assets increase, even if assets of a particular fund are unchanged or have decreased. The approach reflects the notion that some of Nuveen's costs are attributable to services provided to all its funds in the complex and therefore all funds benefit if these costs are spread over a larger asset base.

Based on their review, the Independent Board Members concluded that the breakpoint schedules and complex-wide fee arrangement were acceptable and reflect economies of scale to be shared with shareholders when assets under management increase.

E. Indirect Benefits

In evaluating fees, the Independent Board Members received and considered information regarding potential "fall out" or ancillary benefits the respective Fund Adviser or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Independent Board Members considered any revenues received by affiliates of the Advisor for serving as agent at Nuveen's trading desk and as co-manager in initial public offerings of new closed-end funds.

In addition to the above, the Independent Board Members considered whether the Fund Advisers received any benefits from soft dollar arrangements whereby a portion of the commissions paid by a Fund for brokerage may be used to acquire research that may be useful to the Fund Adviser in managing the assets of the Funds and other clients. The Independent Board Members recognized that each Fund Adviser has the authority to pay a higher commission in return for brokerage and research services if it determines in good faith that the commission paid is reasonable in relation to the value of the brokerage and research services provided. Nevertheless, the Independent Board Members noted that commissions are generally not paid in connection with municipal securities transactions typically executed on a principal basis.

Based on their review, the Independent Board Members concluded that any indirect benefits received by a Fund Adviser as a result of its relationship with the Funds were reasonable and within acceptable parameters.

F. Other Considerations

The Independent Board Members did not identify any single factor discussed previously as all-important or controlling. The Board Members, including the Independent Board Members, unanimously concluded that the terms of each Advisory Agreement are fair and reasonable, that the respective Fund Adviser's fees are reasonable in light of the services provided to each Fund and that the Advisory Agreements be renewed.

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Board Members & Officers (Unaudited)

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the board members of the Funds. The number of board members of the Funds is currently set at ten. None of the board members who are not “interested” persons of the Funds (referred to herein as “independent board members”) has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

Name, Birthdate & Address	Position(s) Held with the Funds	Year First Elected or Appointed and Term(1)	Principal Occupation(s) including other Directorships During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Board Member
Independent Board Members:				
ROBERT P. BREMNER(2) 8/22/40 333 W. Wacker Drive Chicago, IL 60606	Chairman of the Board and Board Member	1996 Class III	Private Investor and Management Consultant; Treasurer and Director, Humanities Council of Washington, D.C.; Board Member, Independent Directors Council affiliated with the Investment Company Institute.	241
JACK B. EVANS 10/22/48 333 W. Wacker Drive Chicago, IL 60606	Board Member	1999 Class III	President, The Hall-Perrine Foundation, a private philanthropic corporation (since 1996); Director and Chairman, United Fire Group, a publicly held company; member of the Board of Regents for the State of Iowa University System; Director, Source Media Group; Life Trustee of Coe College and the Iowa College Foundation; formerly, Director, Alliant Energy; formerly, Director, Federal Reserve Bank of Chicago; formerly, President and Chief Operating Officer, SCI Financial Group, Inc., a regional financial services firm.	241
WILLIAM C. HUNTER 3/6/48 333 W. Wacker Drive Chicago, IL 60606	Board Member	2004 Class I	Dean, Tippie College of Business, University of Iowa (since 2006); Director (since 2004) of Xerox Corporation; Director (since 2005), Beta Gamma Sigma International Honor Society;	241

			Director of Wellmark, Inc. (since 2009); formerly, Dean and Distinguished Professor of Finance, School of Business at the University of Connecticut (2003-2006); previously, Senior Vice President and Director of Research at the Federal Reserve Bank of Chicago (1995-2003); formerly, Director (1997-2007), Credit Research Center at Georgetown University.	
DAVID J. KUNDERT(2) 10/28/42 333 W. Wacker Drive Chicago, IL 60606	Board Member	2005 Class II	Director, Northwestern Mutual Wealth Management Company; retired (since 2004) as Chairman, JPMorgan Fleming Asset Management, President and CEO, Banc One Investment Advisors Corporation, and President, One Group Mutual Funds; prior thereto, Executive Vice President, Banc One Corporation and Chairman and CEO, Banc One Investment Management Group; Member, Board of Regents, Luther College; member of the Wisconsin Bar Association; member of Board of Directors, Friends of Boerner Botanical Gardens; member of Board of Directors and Chair of Investment Committee, Greater Milwaukee Foundation.	241
WILLIAM J. SCHNEIDER(2) 9/24/44 333 W. Wacker Drive Chicago, IL 60606	Board Member	1996 Class III	Chairman of Miller-Valentine Partners Ltd., a real estate investment company; formerly, Senior Partner and Chief Operating Officer (retired 2004) of Miller-Valentine Group; member, University of Dayton Business School Advisory Council; member, Mid-America Health System Board; formerly, member and chair, Dayton Philharmonic Orchestra Association; formerly, member, Business Advisory Council, Cleveland Federal Reserve Bank.	241

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Name, Birthdate & Address	Position(s) Held with the Funds	Year First Elected or Appointed and Term(1)	Principal Occupation(s) Including other Directorships During Past 5 Years	Number of Portfolios in Fund Overseen by Board Member
Independent Board Members:				
JUDITH M. STOCKDALE 12/29/47 333 W. Wacker Drive Chicago, IL 60606	Board Member	1997 Class I	Executive Director, Gaylord and Dorothy Donnelley Foundation (since 1994); prior thereto, Executive Director, Great Lakes Protection Fund (1990-1994).	241
CAROLE E. STONE(2) 6/28/47 333 W. Wacker Drive Chicago, IL 60606	Board Member	2007 Class I	Director, Chicago Board Options Exchange (since 2006); Director, C2 Options Exchange, Incorporated (since 2009); formerly, Commissioner, New York State Commission on Public Authority Reform (2005-2010); formerly, Chair, New York Racing Association Oversight Board (2005-2007).	241
VIRGINIA L. STRINGER 8/16/44 333 W. Wacker Drive Chicago, IL 60606	Board Member	2011	Board Member, Mutual Fund Directors Forum; Member, Governing Board, Investment Company Institute's Independent Directors Council; governance consultant and non-profit board member; former Owner and President, Strategic Management Resources, Inc. a management consulting firm; previously, held several executive positions in general management, marketing and human resources at IBM and The Pillsbury Company; Independent Director, First American Fund Complex (1987-2010) and Chair (1997-2010).	241
TERENCE J. TOTH(2) 9/29/59	Board Member	2008 Class II	Director, Legal & General Investment Management America, Inc. (since 2008); Managing Partner, Promus Capital (since	241

333 W. Wacker
Drive
Chicago, IL
60606

2008); formerly, CEO and President, Northern Trust Global Investments (2004-2007); Executive Vice President, Quantitative Management & Securities Lending (2000-2004); prior thereto, various positions with Northern Trust Company (since 1994); member: Goodman Theatre Board (since 2004), Chicago Fellowship Board (since 2005) and Catalyst Schools of Chicago Board (since 2008); formerly, member: Northern Trust Mutual Funds Board (2005-2007), Northern Trust Global Investments Board (2004-2007), Northern Trust Japan Board (2004-2007), Northern Trust Securities Inc. Board (2003-2007) and Northern Trust Hong Kong Board (1997-2004).

Interested Board Member:

JOHN P.
AMBOIAN(3)
6/14/61
333 W. Wacker
Drive
Chicago, IL
60606

Board
Member
2008
Class II

Chief Executive Officer and Chairman (since 2007) and Director (since 1999) of Nuveen Investments, Inc., formerly, President (1999-2007); Chief Executive Officer (since 2007) of Nuveen Investments Advisers, Inc.; Director (since 1998) formerly, Chief Executive Officer (2007-2010) of Nuveen Fund Advisers, Inc. 241

Board Members & Officers (Unaudited) (continued)

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed(4)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
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Officers of the Funds:

GIFFORD R. ZIMMERMAN 9/9/56 333 W. Wacker Drive Chicago, IL 60606	Chief Administrative Officer	1988	Managing Director (since 2002), Assistant Secretary and Associate General Counsel of Nuveen Securities, LLC; Managing Director (since 2004) and Assistant Secretary (since 1994) of Nuveen Investments, Inc.; Managing Director (since 2002), Assistant Secretary (since 1997) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel of Nuveen Asset Management, LLC (since 2011); Managing Director, Associate General Counsel and Assistant Secretary, of Symphony Asset Management LLC (since 2003); Vice President and Assistant Secretary of NWQ Investment Management Company, LLC (since 2002), Nuveen Investments Advisers Inc. (since 2002), Tradewinds Global Investors LLC, and Santa Barbara Asset Management, LLC (since 2006), Nuveen HydePark Group LLC and Nuveen Investment Solutions, Inc. (since 2007) and of Winslow Capital Management Inc. (since 2010); Chief Administrative Officer and Chief Compliance Officer (since 2010) of Nuveen Commodities Asset Management, LLC; Chartered Financial Analyst.	241
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Vice President 2007

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<p>WILLIAM ADAMS IV 6/9/55 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Senior Executive Vice President, Global Structured Products (since 2010), formerly, Executive Vice President (1999-2010) of Nuveen Securities, LLC; Co-President of Nuveen Fund Advisors, Inc. (since 2011); formerly, Managing Director (2010-2011) of Nuveen Commodities Asset Management, LLC.</p>	
<p>CEDRIC H. ANTOSIEWICZ 1/11/62 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President 2007</p> <p>Managing Director of Nuveen Securities, LLC.</p>	<p>133</p>
<p>MARGO L. COOK 4/11/64 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President 2009</p>	<p>Executive Vice President (since 2008) of Nuveen Investments, Inc. and of Nuveen Fund Advisors, Inc. (since 2011); Managing Director-Investment Services of Nuveen Commodities Asset Management, LLC (since August 2011), previously, Head of Institutional Asset Management (2007-2008) of Bear Stearns Asset Management; Head of Institutional Asset Management (1986-2007) of Bank of NY Mellon; Chartered Financial Analyst.</p> <p>241</p>
<p>LORNA C. FERGUSON 10/24/45 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President 1998</p>	<p>Managing Director (since 2005) of Nuveen Fund Advisors, Inc. and Nuveen Securities, LLC (since 2004).</p> <p>241</p>
<p>STEPHEN D. FOY 5/31/54 333 W. Wacker Drive Chicago, IL 60606</p>	<p>Vice President 1998 and Controller</p>	<p>Senior Vice President (since 2010), formerly, Vice President (2005-2010) and Funds Controller of Nuveen Securities, LLC; Vice President of Nuveen Fund Advisors, Inc.; Chief Financial Officer of Nuveen Commodities Asset Management, LLC; (since</p> <p>241</p>

2010) Certified Public
Accountant.

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Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed(4)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
Officers of the Funds: SCOTT S. GRACE 8/20/70 333 W. Wacker Drive Chicago, IL 60606	Vice President and Treasurer	2009	Managing Director, Corporate Finance & Development, Treasurer (since 2009) of Nuveen Securities, LLC; Managing Director and Treasurer (since 2009) of Nuveen Fund Advisors, Inc., Nuveen Investment Solutions, Inc., Nuveen Investments Advisers, Inc., Nuveen Investments Holdings Inc. and (since 2011) Nuveen Asset Management, LLC; Vice President and Treasurer of NWQ Investment Management Company, LLC, Tradewinds Global Investors, LLC, Symphony Asset Management LLC and Winslow Capital Management, Inc.; Vice President of Santa Barbara Asset Management, LLC; formerly, Treasurer (2006-2009), Senior Vice President (2008-2009), previously, Vice President (2006-2008) of Janus Capital Group, Inc.; formerly, Senior Associate in Morgan Stanley's Global Financial Services Group (2000-2003); Chartered Accountant Designation.	241
WALTER M. KELLY 2/24/70 333 W. Wacker Drive Chicago, IL 60606	Chief Compliance Officer and Vice President	2003	Senior Vice President (since 2008) and Assistant Secretary (since 2003) of Nuveen Fund Advisors, Inc.	241
TINA M. LAZAR 8/27/61	Vice President	2002	Senior Vice President (since 2010), formerly, Vice President (2005-2010) of Nuveen Fund Advisors, Inc.	241

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Drive
Chicago, IL
60606

LARRY W. MARTIN 7/27/51 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	1997	Senior Vice President (since 2010), formerly, Vice President (1993-2010), Assistant Secretary and Assistant General Counsel of Nuveen Securities, LLC; Senior Vice President (since 2011) of Nuveen Asset Management, LLC; Senior Vice President (since 2010), formerly, Vice President (2005-2010), and Assistant Secretary of Nuveen Investments, Inc.; Senior Vice President (since 2010), formerly Vice President (2005-2010), and Assistant Secretary (since 1997) of Nuveen Fund Advisors, Inc., Vice President and Assistant Secretary of Nuveen Investments Advisers Inc. (since 2002), NWQ Investment Management Company, LLC, Symphony Asset Management, LLC (since 2003), Tradewinds Global Investors, LLC, Santa Barbara Asset Management LLC (since 2006), Nuveen HydePark Group, LLC and Nuveen Investment Solutions, Inc. (since 2007), and of Winslow Capital Management, Inc. (since 2010); Vice President and Assistant Secretary of Nuveen Commodities Asset Management, LLC (since 2010).	241
KEVIN J. MCCARTHY 3/26/66 333 W. Wacker Drive Chicago, IL 60606	Vice President and Secretary	2007	Managing Director (since 2008), formerly, Vice President (2007-2008), Nuveen Securities, LLC; Managing Director (since 2008), Assistant Secretary (since 2007) and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director (since 2008), and Assistant Secretary, Nuveen Investment Holdings, Inc.; Vice President (since 2007) and Assistant Secretary of	241

Nuveen Investments Advisers Inc.,
NWQ Investment Management
Company, LLC, Tradewinds Global
Investors LLC, NWQ Holdings,
LLC, Symphony Asset Management
LLC, Santa Barbara Asset
Management, LLC, Nuveen
HydePark Group, LLC, Nuveen
Investment Solutions, Inc. (since
2007) and of Winslow Capital
Management, Inc. (since 2010); Vice
President and Secretary (since 2010)
of Nuveen Commodities Asset
Management, LLC; prior thereto,
Partner, Bell, Boyd & Lloyd LLP
(1997-2007).

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Board Members & Officers (Unaudited) (continued)

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed(4)	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Officer
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Officers of the Funds:

KATHLEEN L. PRUDHOMME 3/30/53 901 Marquette Avenue Minneapolis, MN 55402	Vice President and Assistant Secretary	2011	Managing Director, Assistant Secretary and Co-General Counsel (since 2011) of Nuveen Fund Advisors, Inc.; Managing Director, Assistant Secretary and Associate General Counsel (since 2011) of Nuveen Asset Management, LLC; Managing Director and Assistant Secretary (since 2011) of Nuveen Securities, LLC; formerly, Deputy General Counsel, FAF Advisors, Inc. (2004-2010).	241
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- (1) For Dividend Advantage (NAD), Dividend Advantage 2 (NXZ) and Dividend Advantage 3 (NZF), the Board of Trustees is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred Shares to serve until the next annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. For Performance Plus (NPP), Municipal Advantage (NMA) and Market Opportunity (NMO), the Board Members serve a one year term to serve until the next annual meeting or until their successors shall have been duly elected and qualified. The year first elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (2) Also serves as a trustee of the Nuveen Diversified Commodity Fund, an exchange-traded commodity pool managed by Nuveen Commodities Asset Management, LLC, an affiliate of the Adviser.
- (3) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of the Nuveen Funds.
- (4) Officers serve one year terms through August of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

Reinvest Automatically,
Easily and Conveniently

Nuveen makes reinvesting easy. A phone call is all it takes to set up your reinvestment account.

Nuveen Closed-End Funds Automatic Reinvestment Plan

Your Nuveen Closed-End Fund allows you to conveniently reinvest distributions in additional Fund shares.

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of compounding. Just like distributions in cash, there may be times when income or capital gains taxes may be payable on distributions that are reinvested.

It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

Easy and convenient

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

How shares are purchased

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Distributions received to purchase shares in the open market will normally be invested shortly after the distribution payment date. No interest will be paid on distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may

Reinvest Automatically
Easily and Conveniently (continued)

exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

Flexible

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change.

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your investment advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge payable by the participants, there is no direct service charge to participants in the Plan at this time.

Call today to start reinvesting distributions

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

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Glossary of Terms
Used in this Report

Auction Rate Bond: An auction rate bond is a security whose interest payments are adjusted periodically through an auction process, which process typically also serves as a means for buying and selling the bond. Auctions that fail to attract enough buyers for all the shares offered for sale are deemed to have “failed,” with current holders receiving a formula-based interest rate until the next scheduled auction.

Average Annual Total Return: This is a commonly used method to express an investment’s performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment’s actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.

Average Effective Maturity: The market-value-weighted average of the effective maturity dates of the individual securities including cash. In the case of a bond that has been advance-refunded to a call date, the effective maturity is the date on which the bond is scheduled to be redeemed using the proceeds of an escrow account. In most other cases the effective maturity is the stated maturity date of the security.

Effective Leverage: Effective leverage is a Fund’s effective economic leverage, and includes both structural leverage and the leverage effects of certain derivative investments in the Fund’s portfolio. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings are included in effective leverage values, in addition to any structural leverage.

Inverse Floaters: Inverse floating rate securities, also known as inverse floaters, are created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. This trust, in turn, (a) issues floating rate certificates typically paying short-term tax-exempt interest rates to third parties in amounts equal to some fraction of the deposited bond’s par amount or market value, and (b) issues an inverse floating rate certificate (sometimes referred to as an “inverse floater”) to an investor (such as a Fund) interested in gaining investment exposure to a long-term municipal bond. The income received by the holder of the inverse floater varies inversely with the short-term rate paid to the floating rate certificates’ holders, and in most circumstances the holder of the inverse floater bears substantially all of the underlying bond’s downside investment risk. The holder of the inverse floater typically also benefits disproportionately from any potential appreciation of the underlying bond’s value. Hence, an inverse floater essentially represents an investment in the underlying bond on a leveraged basis.

Leverage: Using borrowed money to invest in securities or other assets.

Glossary of Terms
Used in this Report (continued)

Leverage-Adjusted Duration: Duration is a measure of the expected period over which a bond's principal and interest will be paid, and consequently is a measure of the sensitivity of a bond's or bond Fund's value to changes when market interest rates change. Generally, the longer a bond's or Fund's duration, the more the price of the bond or Fund will change as interest rates change. Leverage-adjusted duration takes into account the leveraging process for a Fund and therefore is longer than the duration of the Fund's portfolio of bonds.

Lipper General and Insured Leveraged Municipal Debt Classification Average: Calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 23 funds; 5-year, 22 funds; and 10-year, 13 funds. Lipper returns account for the effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper average is not available for direct investment.

Market Yield (also known as Dividend Yield or Current Yield): An investment's current annualized dividend divided by its current market price.

Net Asset Value (NAV): The net market value of all securities held in a portfolio.

Net Asset Value (NAV) Per Share: The market value of one share of a mutual fund or closed-end fund. For a Fund, the NAV is calculated daily by taking the Fund's total assets (securities, cash, and accrued earnings), subtracting the Fund's liabilities, and dividing by the number of shares outstanding.

Pre-Refunding: Pre-Refunding, also known as advanced refundings or refinancings, is a procedure used by state and local governments to refinance municipal bonds to lower interest expenses. The issuer sells new bonds with a lower yield and uses the proceeds to buy U.S. Treasury securities, the interest from which is used to make payments on the higher-yielding bonds. Because of this collateral, pre-refunding generally raises a bond's credit rating and thus its value.

Standard & Poor's (S&P) National Municipal Bond Index: An unleveraged, market value-weighted index designed to measure the performance of the tax-exempt, investment-grade U.S. municipal bond market. The index returns assume reinvestment of dividends but do not reflect any applicable sales charges. You cannot invest directly in an index.

Structural Leverage: Structural Leverage consists of preferred shares or debt issued by the Fund. Both of these are part of a Fund's capital structure. Structural leverage is sometimes referred to as "40 Act Leverage" and is subject to asset coverage limits set in the Investment Company Act of 1940.

Taxable-Equivalent Yield: The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.

Zero Coupon Bond: A zero coupon bond does not pay a regular interest coupon to its holders during the life of the bond. Tax-exempt income to the holder of the bond comes from accretion of the difference between the original purchase price of the bond at issuance and the par value of the bond at maturity and is effectively paid at maturity. The market prices of zero coupon bonds generally are more volatile than the market prices of bonds that pay interest periodically.

Other Useful Information

Board of
Directors/Trustees
John P. Amboian
Robert P. Bremner
Jack B. Evans
William C. Hunter
David J. Kundert
William J. Schneider
Judith M. Stockdale
Carole E. Stone
Virginia L. Stringer
Terence J. Toth

Fund Manager
Nuveen Fund Advisers, Inc.
333 West Wacker Drive
Chicago, IL 60606

Custodian
State Street Bank
& Trust Company
Boston, MA

Transfer Agent and
Shareholder Services
State Street Bank & Trust
Company
Nuveen Funds
P.O. Box 43071
Providence, RI 02940-3071
(800) 257-8787

Legal Counsel
Chapman and Cutler LLP
Chicago, IL

Independent Registered
Public Accounting Firm
Ernst & Young LLP
Chicago, IL

Quarterly Portfolio of Investments and Proxy Voting Information

You may obtain (i) each Fund's quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's

website at www.nuveen.com.

You may also obtain this and other Fund information directly from the Securities and Exchange Commission (SEC). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at (202) 942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to publicinfo@sec.gov or by writing to the SEC's Public References Section at 100 F Street NE, Washington, D.C. 20549.

CEO Certification Disclosure

Each Fund's Chief Executive Officer (CEO) has submitted to the New York Stock Exchange (NYSE) the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Each Fund has filed with the SEC the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

Common and Preferred Share Information

Each Fund intends to repurchase and/or redeem shares of its own common and/or auction rate preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, the Funds repurchased and/or redeemed shares of their common and/or auction rate preferred stock as shown in the accompanying table.

Fund	Common Shares Repurchased	Auction Rate Preferred Shares Redeemed
NPP	—	16,796
NMA	—	—
NMO	—	—
NAD	—	4,803
NXZ	—	—
NZF	—	9,478

Any future repurchases will be reported to shareholders in the next annual or semi-annual report.

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Nuveen Investments:
Serving Investors for Generations

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions through continued adherence to proven, long-term investing principles. Today, we offer a range of high quality equity and fixed-income solutions designed to be integral components of a well-diversified core portfolio.

Focused on meeting investor needs.

Nuveen Investments is a global investment management firm that seeks to help secure the long-term goals of institutions and high net worth investors as well as the consultants and financial advisors who serve them. We market our growing range of specialized investment solutions under the high-quality brands of NWQ, Nuveen Asset Management, Santa Barbara, Symphony, Tradewinds and Winslow Capital. In total, Nuveen Investments managed approximately \$207 billion of assets as of October 31, 2011.

Find out how we can help you.

To learn more about how the products and services of Nuveen Investments may be able to help you meet your financial goals, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest. Investors should consider the investment objective and policies, risk considerations, charges and expenses of any investment carefully. Where applicable, be sure to obtain a prospectus, which contains this and other relevant information. To obtain a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

Learn more about Nuveen Funds at: www.nuveen.com/cef

Distributed by
Nuveen Securities, LLC
333 West Wacker Drive
Chicago, IL 60606
www.nuveen.com

EAN-B-1011D

ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at www.nuveen.com/CEF/Info/Shareholder. (To view the code, click on Fund Governance and then click on Code of Conduct.)

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors or Trustees ("Board") determined that the registrant has at least one "audit committee financial expert" (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial expert is Carole E. Stone, who is "independent" for purposes of Item 3 of Form N-CSR.

Ms. Stone served for five years as Director of the New York State Division of the Budget. As part of her role as Director, Ms. Stone was actively involved in overseeing the development of the State's operating, local assistance and capital budgets, its financial plan and related documents; overseeing the development of the State's bond-related disclosure documents and certifying that they fairly presented the State's financial position; reviewing audits of various State and local agencies and programs; and coordinating the State's system of internal audit and control. Prior to serving as Director, Ms. Stone worked as a budget analyst/examiner with increasing levels of responsibility over a 30 year period, including approximately five years as Deputy Budget Director. Ms. Stone has also served as Chair of the New York State Racing Association Oversight Board, as Chair of the Public Authorities Control Board, as a Commissioner on the New York State Commission on Public Authority Reform and as a member of the Boards of Directors of several New York State public authorities. These positions have involved overseeing operations and finances of certain entities and assessing the adequacy of project/entity financing and financial reporting. Currently, Ms. Stone is on the Board of Directors of CBOE Holdings, Inc., of the Chicago Board Options Exchange, and of C2 Options Exchange. Ms. Stone's position on the boards of these entities and as a member of both CBOE Holdings' Audit Committee and its Finance Committee has involved, among other things, the oversight of audits, audit plans and preparation of financial statements.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Nuveen Dividend Advantage Municipal Fund

The following tables show the amount of fees that Ernst & Young LLP, the Fund's auditor, billed to the Fund during the Fund's last two full fiscal years. For engagements with Ernst & Young LLP the Audit Committee approved in advance all audit services and non-audit services that Ernst & Young LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the "pre-approval exception"). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

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Fiscal Year Ended	Audit Fees Billed to Fund 1		Audit-Related Fees Billed to Fund 2		Tax Fees Billed to Fund 3		All Other Fees Billed to Fund 4	
October 31, 2011	\$	18,200	\$	7,750	\$	0	\$	0
Percentage approved pursuant to pre-approval exception	0	%	0	%	0	%	0	%
October 31, 2010	\$	34,459	\$	12,500	\$	0	\$	850
Percentage approved pursuant to pre-approval exception	0	%	0	%	0	%	0	%

1 "Audit Fees" are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.

2 "Audit Related Fees" are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under "Audit Fees".

3 "Tax Fees" are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.

4 "All Other Fees" are the aggregate fees billed for products and services for agreed upon procedures engagements performed for leveraged funds.

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE ADVISER AND AFFILIATED FUND SERVICE PROVIDERS

The following tables show the amount of fees billed by Ernst & Young LLP to Nuveen Fund Advisors, Inc. (formerly Nuveen Asset Management) (the "Adviser" or "NFA"), and any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund ("Affiliated Fund Service Provider"), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two full fiscal years.

The tables also show the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would have to be pre-approved by the Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the Fund's audit is completed.

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Fiscal Year Ended	Audit-Related Fees Billed to Adviser and Affiliated Fund Service Providers	Tax Fees Billed to Adviser and Affiliated Fund Service Providers	All Other Fees Billed to Adviser and Affiliated Fund Service Providers
October 31, 2011	\$ 0	\$ 0	\$ 0
Percentage approved pursuant to pre-approval exception	0 %	0 %	0 %
October 31, 2010	\$ 0	\$ 0	\$ 0
Percentage approved pursuant to pre-approval exception	0 %	0 %	0 %

NON-AUDIT SERVICES

The following table shows the amount of fees that Ernst & Young LLP billed during the Fund's last two full fiscal years for non-audit services. The Audit Committee is required to pre-approve non-audit services that Ernst & Young LLP provides to the Adviser and any Affiliated Fund Services Provider, if the engagement related directly to the Fund's operations and financial reporting (except for those subject to the pre-approval exception described above). The Audit Committee requested and received information from Ernst & Young LLP about any non-audit services that Ernst & Young LLP rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP's independence.

Fiscal Year Ended	Total Non-Audit Fees Billed to Fund	Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (engagements related directly to the operations and financial reporting of the Fund)	Total Non-Audit Fees billed to Adviser and Affiliated Fund Service Providers (all other engagements)	Total
October 31, 2011	\$ 0	\$ 0	\$ 0	\$0
October 31, 2010	\$ 850	\$ 0	\$ 0	\$850

"Non-Audit Fees billed to Fund" for both fiscal year ends represent "Tax Fees" and "All Other Fees" billed to Fund in their respective

amounts from the previous table.

Audit Committee Pre-Approval Policies and Procedures. Generally, the Audit Committee must approve (i) all non-audit services to be performed for the Fund by the Fund's independent accountants and (ii) all audit and non-audit services to be performed by the Fund's independent accountants for the Affiliated Fund Service Providers with respect to operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent accountants for the Fund and Affiliated Fund Service Providers (with respect to operations and financial reports of the Fund) such engagements will be (i) pre-approved by the Audit Committee if they are expected to be for amounts greater than \$10,000; (ii) reported to the Audit Committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under \$10,000 but greater than \$5,000; and (iii) reported to the Audit Committee at the next Audit Committee meeting if they are expected to be for an amount under \$5,000.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant's Board has a separately designated Audit Committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Robert P. Bremner, Terence J. Toth, William J. Schneider, Carole E. Stone and David J. Kundert.

ITEM 6. SCHEDULE OF INVESTMENTS.

a) See Portfolio of Investments in Item 1.

b) Not applicable.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Nuveen Fund Advisors, Inc. ("Adviser") is the registrant's investment adviser. NFA is responsible for the on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Nuveen Asset Management, LLC ("Sub-Adviser") as Sub-Adviser to provide discretionary investment advisory services. As part of these services, the Adviser has delegated to the Sub-Adviser the full responsibility for proxy voting on securities held in the registrant's portfolio and related duties in accordance with the Sub-Adviser's policy and procedures. The Adviser periodically monitors the Sub-Adviser's voting to ensure that it is carrying out its duties. The Sub-Adviser's proxy voting policies and procedures are attached to this filing as an exhibit and incorporated herein by reference.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Nuveen Fund Advisors, Inc. is the registrant's investment adviser (also referred to as the "Adviser".) The Adviser is responsible for the selection and on-going monitoring of the Fund's investment portfolio, managing the Fund's business affairs and providing certain clerical, bookkeeping and administrative services. The Adviser has engaged Nuveen Asset Management, LLC ("Nuveen Asset Management" or "Sub-Adviser") as Sub-Adviser to provide discretionary investment advisory services. The following section provides information on the portfolio manager at the Sub-Adviser:

The Portfolio Manager

The following individual has primary responsibility for the day-to-day implementation of the registrant's investment strategies:

Name	Fund
------	------

THOMAS SPALDING

Nuveen Dividend Advantage Municipal Fund

Other Accounts Managed. In addition to managing the registrant, the portfolio manager is also primarily responsible for the day-to-day portfolio management of the following accounts:

Portfolio Manager	Type of Account Managed	Number of	
		Accounts	Assets*
Thomas Spalding	Registered Investment Company	20	\$ 7.80 billion
	Other Pooled Investment Vehicles	0	\$0
	Other Accounts	5	\$18.2 million

* Assets are as of October 31, 2011. None of the assets in these accounts are subject to an advisory fee based on performance.

Compensation. Portfolio manager compensation consists primarily of base pay, an annual cash bonus and long-term incentive payments.

Base pay. Base pay is determined based upon an analysis of the portfolio manager's general performance, experience, and market levels of base pay for such position.

Annual cash bonus. The Fund's portfolio manager is eligible for an annual cash bonus determined based upon the portfolio manager's performance, experience and market levels of base pay for such position. The maximum potential annual cash bonus is equal to a multiple of base pay.

A portion of the portfolio manager's annual cash bonus is based on his or her Fund's investment performance, generally measured over the past one- and three-year periods unless the portfolio manager's tenure is shorter. Investment performance for the Fund is determined by evaluating the Fund's performance relative to its benchmark(s) and/or Lipper industry peer group.

Each portfolio manager whose performance is evaluated in part by comparing the manager's performance to a benchmark is measured against a Fund-specific customized subset (limited to bonds in each Fund's specific state and with certain maturity parameters) of the S&P/Investortools Municipal Bond Index, an index comprised of bonds held by managed municipal bond fund customers of Standard & Poor's Securities Pricing, Inc. that are priced daily and whose fund holdings aggregate at least \$2 million. As of October 31, 2011, the S&P/Investortools Municipal Bond Index was comprised of 57,980 securities with an aggregate current market value of \$1,262 billion.

Bonus amounts can also be influenced by factors other than investment performance. These other factors are more subjective and are based on evaluations by each portfolio manager's supervisor and reviews submitted by his or her peers. These reviews and evaluations often take into account a number of factors, including the portfolio manager's effectiveness in communicating investment performance to shareholders and their advisors, his or her contribution to NAM's investment process and to the execution of investment strategies consistent with risk guidelines, his or her participation in asset growth, and his or her compliance with NAM's policies and procedures.

Investment performance is measured on a pre-tax basis, gross of fees for a Fund's results and for its Lipper industry peer group.

Long-term incentive compensation. Certain key employees of Nuveen Investments and its affiliates, including certain portfolio managers, have received profits interests in the parent company of Nuveen Investments which entitle their holders to participate in the appreciation in the value of Nuveen Investments. In addition, in July 2009, Nuveen Investments created and funded a trust which purchased shares of certain Nuveen Mutual Funds and awarded such shares, subject to vesting, to certain key employees, including certain portfolio managers. Finally, certain key employees of NAM, including certain portfolio managers, have received profits interests in NAM which entitle their

holders to participate in the firm's growth over time.

Material Conflicts of Interest. Each portfolio manager's simultaneous management of the registrant and the other accounts noted above may present actual or apparent conflicts of interest with respect to the allocation and aggregation of securities orders placed on behalf of the Registrant and the other account. NAM, however, believes that such potential conflicts are mitigated by the fact that the NAM has adopted several policies that address potential conflicts of interest, including best execution and trade allocation policies that are designed to ensure (1) that portfolio management is seeking the best price for portfolio securities under the circumstances, (2) fair and equitable allocation of investment opportunities among accounts over time and (3) compliance with applicable regulatory requirements. All accounts are to be treated in a non-preferential manner, such that allocations are not based upon account performance, fee structure or preference of the portfolio manager, although the allocation procedures may provide allocation preferences to funds with special characteristics (such as favoring state funds versus national funds for allocations of in-state bonds). In addition, NAM has adopted a Code of Conduct that sets forth policies regarding conflicts of interest.

Beneficial Ownership of Securities. As of October 31, 2011, the portfolio manager beneficially owned the following dollar range of equity securities issued by the Registrant and other Nuveen Funds managed by Nuveen Asset Management's municipal investment team.

Name of Portfolio Manager	Fund	Dollar range of equity securities beneficially owned in Fund	Dollar range of equity securities beneficially owned in the remainder of Nuveen funds managed by Nuveen Asset Management's municipal investment team
Thomas Spalding	Nuveen Dividend Advantage Municipal Fund	\$0	\$ 500,001-\$1,000,000

PORTFOLIO MANAGER BIO:

Thomas Spalding, CFA, is Senior Vice President and Senior Investment Officer of Nuveen Investments. He has direct investment responsibility for the National Long Term funds. He joined Nuveen in 1976 as assistant portfolio manager and has been the portfolio manager of the Nuveen Municipal Value Fund, Nuveen's first closed-end exchange traded fund, since its inception in 1987. Currently, he manages investments for 21 Nuveen-sponsored investment companies.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board implemented after the registrant last provided disclosure in response to this item.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

- (a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at www.nuveen.com/CEF/Info/Shareholder and there were no amendments during the period covered by this report. (To view the code, click on Fund Governance and then Code of Conduct.)
- (a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below:
Ex-99.CERT Attached hereto.
- (a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.
- (b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.
Ex-99.906 CERT attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Dividend Advantage Municipal Fund

By (Signature and Title) /s/ Kevin J. McCarthy

Kevin J. McCarthy

Vice President and Secretary

Date: January 6, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By (Signature and Title) /s/ Gifford R. Zimmerman

Gifford R. Zimmerman

Chief Administrative Officer

(principal executive officer)

Date: January 6, 2012

By (Signature and Title) /s/ Stephen D. Foy

Stephen D. Foy

Vice President and Controller

(principal financial officer)

Date: January 6, 2012