

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL FUND 3
Form N-Q
March 30, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT
COMPANY

Investment Company Act file number 811-10345

Nuveen Dividend Advantage Municipal Fund 3
(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive, Chicago, Illinois 60606
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Vice President and Secretary
333 West Wacker Drive, Chicago, Illinois 60606
(Name and address of agent for service)

Registrant's telephone number, including area code: 312-917-7700

Date of fiscal year end: 10/31

Date of reporting period: 1/31/12

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments

Portfolio of Investments (Unaudited)
 Nuveen Dividend Advantage Municipal Fund 3 (NZF)
 January 31, 2012

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Municipal Bonds – 135.2% (95.3% of Total Investments)			
	Alabama – 0.6% (0.4% of Total Investments)			
\$ 3,500	Alabama Special Care Facilities Financing Authority, Revenue Bonds, Ascension Health, Series 2006C-2, 5.000%, 11/15/36 (UB)	11/16 at 100.00	AA+	\$ 3,676,645
	Alaska – 0.1% (0.1% of Total Investments)			
1,000	Northern Tobacco Securitization Corporation, Alaska, Tobacco Settlement Asset-Backed Bonds, Series 2006A, 5.000%, 6/01/46	6/14 at 100.00	B2	738,580
	Arizona – 1.1% (0.8% of Total Investments)			
3,390	Arizona State Transportation Board, Highway Revenue Bonds, Series 2006, Trust 3151, 13.684%, 7/01/16 (IF)	No Opt. Call	AAA	4,546,193
2,200	Salt Verde Financial Corporation, Arizona, Senior Gas Revenue Bonds, Citigroup Energy Inc Prepay Contract Obligations, Series 2007, 5.000%, 12/01/37	No Opt. Call	A–	2,187,372
5,590	Total Arizona			6,733,565
	California – 15.5% (10.9% of Total Investments)			
	California Health Facilities Financing Authority, Health Facility Revenue Bonds, Adventist Health System/West, Series 2003A:			
2,220	5.000%, 3/01/28	3/13 at 100.00	A	2,244,531
140	5.000%, 3/01/33	3/13 at 100.00	A	141,043
1,670	California Health Facilities Financing Authority, Refunding Revenue Bonds, Stanford Hospital and Clinics, Series 2008A-2. RMKT, 5.250%, 11/15/40	No Opt. Call	Aa3	1,849,742
3,400	California Health Facilities Financing Authority, Revenue Bonds, Providence Health & Services, Series 2009B, 5.500%, 10/01/39	10/19 at 100.00	AA	3,763,256
2,900	California Health Facilities Financing Authority, Revenue Bonds, Sutter Health, Series 2007A, 5.000%, 11/15/42 (UB)	11/16 at 100.00	AA–	2,984,941
5,355	California Statewide Community Development Authority, Revenue Bonds, Sutter Health, Tender Option Bond Trust 3175, 13.832%, 5/15/14 (IF)	5/18 at 100.00	AA–	7,195,835
20			AA	20,034

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	California, General Obligation Veterans Welfare Bonds, Series 2001BZ, 5.350%, 12/01/21 – NPMFG Insured (Alternative Minimum Tax)	6/12 at 100.00		
	Ceres Unified School District, Stanislaus County, California, General Obligation Bonds, Series 2002B:			
2,180	0.000%, 8/01/31 – FGIC Insured	8/12 at 32.87	A+	696,248
3,300	0.000%, 8/01/32 – FGIC Insured	8/12 at 30.97	A+	992,706
11,865	Golden State Tobacco Securitization Corporation, California, Tobacco Settlement Asset-Backed Bonds, Series 2007A-1, 5.125%, 6/01/47	6/17 at 100.00	B–	8,082,557
7,150	Grossmont Healthcare District, California, General Obligation Bonds, Series 2011B, 6.125%, 7/15/40	7/21 at 100.00	Aa2	8,516,365
10,000	Los Angeles Department of Water and Power, California, Waterworks Revenue Bonds, Series 2011A, 5.000%, 7/01/41	1/21 at 100.00	AA	11,144,200
	Los Angeles Regional Airports Improvement Corporation, California, Lease Revenue Refunding Bonds, LAXFUEL Corporation at Los Angeles International Airport, Series 2001:			
8,640	5.750%, 1/01/16 – AMBAC Insured (Alternative Minimum Tax)	7/12 at 100.00	A–	8,662,291
5,000	5.375%, 1/01/21 – AMBAC Insured (Alternative Minimum Tax)	7/12 at 100.00	A–	5,007,150
1,500	5.250%, 1/01/23 – AMBAC Insured (Alternative Minimum Tax)	7/12 at 100.00	A–	1,501,620
10,000	5.500%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax)	7/12 at 100.00	A–	10,005,700
12,000	Palomar Pomerado Health, California, General Obligation Bonds, Convertible Capital Appreciation, Election 2004 Series 2010A, 0.000%, 8/01/40	8/30 at 100.00	A+	8,724,360
3,850	Placentia-Yorba Linda Unified School District, Orange County, California, Certificates of Participation, Series 2011, 0.000%, 10/01/28 – AGM Insured	10/21 at 100.00	AA–	3,359,626
3,550	San Buenaventura, California, Revenue Bonds, Community Memorial Health System, Series 2011, 7.500%, 12/01/41	12/21 at 100.00	BB	3,963,185
3,000	San Diego Community College District, California, General Obligation Bonds, Tender Option Bond Trust 1005, 13.506%, 8/01/41 (IF)	8/21 at 100.00	AA+	4,125,720
10,000	San Joaquin Hills Transportation Corridor Agency, Orange County, California, Toll Road Revenue Refunding Bonds, Series 1997A, 0.000%, 1/15/35 – NPMFG Insured	No Opt. Call	BBB	1,877,800
3,000	San Mateo County Community College District, California, General Obligation Bonds, Series 2006C, 0.000%, 9/01/30 – NPMFG Insured	No Opt. Call	Aaa	1,327,710
110,740	Total California			96,186,620
2,250	Colorado – 5.4% (3.8% of Total Investments)		N/R (4)	2,363,985

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	Canterberry Crossing Metropolitan District II, Parker, Colorado, Limited Tax General Obligation Bonds, Series 2002, 7.375%, 12/01/32 (Pre-refunded 12/01/12)	12/12 at 100.00		
1,535	Colorado Educational and Cultural Facilities Authority, Charter School Revenue Bonds, Belle Creek Education Center, Series 2002A, 7.625%, 3/15/32 (Pre-refunded 3/15/13)	3/13 at 100.00	N/R (4)	1,646,948
3,090	Colorado Educational and Cultural Facilities Authority, Revenue Bonds, Montessori Peaks Academy, Series 2006A, 5.400%, 5/01/26	5/16 at 102.00	N/R	2,758,412
3,380	Colorado Housing Finance Authority, Multifamily Project Bonds, Class I, Series 2001A-1, 5.500%, 4/01/31 (Alternative Minimum Tax)	4/12 at 100.00	AAA	3,382,535
5,000	Compark Business Campus Metropolitan District, Colorado, General Obligation Limited Tax Bonds, Series 2007A, 5.600%, 12/01/34 – RAAI Insured	12/17 at 100.00	N/R	4,371,400
	Denver City and County, Colorado, Airport Revenue Bonds, Series 2006:			
5,365	5.000%, 11/15/23 – FGIC Insured	11/16 at 100.00	A+	5,990,505
3,300	5.000%, 11/15/24 – FGIC Insured	11/16 at 100.00	A+	3,668,478
4,335	5.000%, 11/15/25 – FGIC Insured	11/16 at 100.00	A+	4,801,706
	Maher Ranch Metropolitan District 4, Colorado, General Obligation Limited Tax Bonds, Series 2007:			
950	5.125%, 12/01/27 – RAAI Insured	12/17 at 100.00	N/R	850,051
2,000	5.250%, 12/01/36 – RAAI Insured	12/17 at 100.00	N/R	1,685,120
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	1,034,340
630	Regional Transportation District, Colorado, Certificates of Participation, Series 2010A, 5.375%, 6/01/31	6/20 at 100.00	Aa3	710,583
32,835	Total Colorado Connecticut – 0.3% (0.2% of Total Investments)			33,264,063
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	1,606,350
	District of Columbia – 1.9% (1.4% of Total Investments)			
10,000	Washington Convention Center Authority, District of Columbia, Dedicated Tax Revenue Bonds, Senior Lien Refunding Series 2007A, 4.500%, 10/01/30 (WI/DD, Settling 2/09/12) – AMBAC Insured	10/16 at 100.00	AA+	10,454,000
1,335	Washington Convention Center Authority, District of Columbia, Dedicated Tax Revenue Bonds,	10/16 at 100.00	AA+	1,522,568

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	Tender Option Bond Trust 1606, 11.636%, 10/01/30 – AMBAC Insured (IF)			
11,335	Total District of Columbia			11,976,568
	Florida – 3.2% (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+	5,636,862
	Orange County Housing Finance Authority, Florida, Multifamily Housing Revenue Bonds, Oak Glen Apartments, Series 2001G:			
1,105	5.400%, 12/01/32 – AGM Insured	6/12 at 100.00	AA–	1,105,751
2,195	5.450%, 12/01/41 – AGM Insured	6/12 at 100.00	AA–	2,196,119
5,000	Orlando-Orange County Expressway Authority, Florida, Expressway Revenue Bonds, Series 2003B, 5.000%, 7/01/30 – AMBAC Insured	7/13 at 100.00	A	5,112,050
5,455	South Miami Health Facilities Authority, Florida, Hospital Revenue, Baptist Health System	8/17 at 100.00	AA	5,686,347
1,000	Obligation Group, Series 2007, 5.000%, 8/15/42 (UB)			
	Tolomato Community Development District, Florida, Special Assessment Bonds, Series 2007, 6.650%, 5/01/40 (5)	5/18 at 100.00	N/R	425,330
19,735	Total Florida			20,162,459
	Georgia – 4.4% (3.1% 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	16,866,900
3,000	Franklin County Industrial Building Authority, Georgia, Revenue Bonds, Ty Cobb Regional	12/20 at 100.00	N/R	3,163,170
2,000	Medical Center Project, Series 2010, 8.125%, 12/01/45			
	Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care,	7/17 at 100.00	N/R	1,448,160
5,000	Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42			
	Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 2004, 5.000%, 1/01/35 – FGIC Insured	1/14 at 100.00	AA–	5,299,550
480	Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside	3/17 at 100.00	N/R	365,098
	Military Academy Project, Series 2007, 5.125%, 3/01/37			
25,480	Total Georgia			27,142,878
	Illinois – 13.5% (9.5% of Total Investments)			
3,200	Chicago Transit Authority, Illinois, Sales Tax Receipts Revenue Bonds, Series 2011, 5.250%, 12/01/40	12/21 at 100.00	AA	3,576,192
8,375	Chicago, Illinois, Revenue Bonds, Midway Airport, Series 2001A, 5.500%, 1/01/19 – AGM Insured (Alternative Minimum Tax)	7/12 at 100.00	AA–	8,392,923
2,630	Chicago, Illinois, Sales Tax Revenue Bonds, Series 2011A, 5.000%, 1/01/41	1/22 at 100.00	AAA	2,917,328
4,950	Chicago, Illinois, Second Lien Passenger Facility Charge Revenue Bonds, O'Hare International	7/12 at 100.00	A2	4,956,336

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	Airport, Series 2001A, 5.375%, 1/01/32 – AMBAC Insured (Alternative Minimum Tax)			
2,220	Chicago, Illinois, Second Lien Wastewater Transmission Revenue Bonds, Series 2001A, 5.500%, 1/01/16 – NPMFG Insured	No Opt. Call	Aa3	2,519,789
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	1,206,171
8,875	Cook County, Illinois, General Obligation Bonds, Refunding Series 2010A, 5.250%, 11/15/33	11/20 at 100.00	AA	9,713,776
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	2,526,935
3,465	Illinois Finance Authority, Revenue Bonds, Sherman Health Systems, Series 2007A, 5.500%, 8/01/37	8/17 at 100.00	BBB	3,518,292
2,625	Illinois Finance Authority, Revenue Bonds, The University of Chicago, Series 2012A, 5.000%, 10/01/51 (WI/DD, Settling 2/02/12)	10/21 at 100.00	Aa1	2,917,005
9,000	Illinois Health Facilities Authority, Revenue Bonds, Covenant Retirement Communities Inc., Series 2001, 5.875%, 12/01/31	6/12 at 101.00	BBB–	9,097,020
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	3,059,400
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	4,546,850
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	12,972,120
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	8,291,250
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	3,321,160
120,710	Total Illinois Indiana – 4.9% (3.4% of Total Investments)			83,532,547
6,885	Indiana Educational Facilities Authority, Revenue Bonds, Butler University, Series 2001, 5.500%, 2/01/26 – NPMFG Insured	8/12 at 100.00	BBB	6,905,104
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	4,528,765
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–	7,190,708
2,600			A	2,640,690

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	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		
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	3,507,805
2,500	Vigo County Hospital Authority, Indiana, Revenue Bonds, Union Hospital, Series 2007: 5.750%, 9/01/42	9/17 at 100.00	N/R	2,258,250
2,500	5.800%, 9/01/47	9/17 at 100.00	N/R	2,265,250
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)	1,156,021
30,005	Total Indiana Iowa – 0.8% (0.6% of Total Investments)			30,452,593
2,000	Iowa Finance Authority, Healthcare Revenue Bonds, Great River Medical Center, Series 2001, 5.250%, 5/15/31 – AGM Insured	5/12 at 100.00	Aa3	2,001,580
1,000	Iowa Tobacco Settlement Authority, Asset Backed Settlement Revenue Bonds, Series 2005C, 5.625%, 6/01/46	6/15 at 100.00	B+	752,900
2,375	Polk County, Iowa, General Obligation Bonds, Series 2002C, 5.000%, 6/01/13 (Pre-refunded 6/01/12) – AGM Insured	6/12 at 100.00	AAA	2,413,380
5,375	Total Iowa Kansas – 0.3% (0.2% of Total Investments)			5,167,860
1,000	Manhattan Health Care Facility Revenue Bonds, Kansas, Meadowlarks Hills Retirement, Series 2007B: 5.125%, 5/15/37	5/14 at 103.00	N/R	895,970
1,000	5.125%, 5/15/42	5/14 at 103.00	N/R	886,900
2,000	Total Kansas Kentucky – 1.2% (0.8% of Total Investments)			1,782,870
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–	1,095,920
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	6,199,956
6,400	Total Kentucky Louisiana – 7.4% (5.2% of Total Investments)			7,295,876
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	2,177,000

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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-	3,245,250
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+	10,823,900
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	3,785,100
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	5,099,237
20,890	Tobacco Settlement Financing Corporation, Louisiana, Tobacco Settlement Asset-Backed Bonds, Series 2001B, 5.875%, 5/15/39	5/12 at 100.00	A-	21,082,188
44,015	Total Louisiana Maine – 0.2% (0.1% of Total Investments)			46,212,675
1,075	Maine State Housing Authority, Single Family Mortgage Purchase Bonds, Series 2001B, 5.500%, 11/15/32 (Alternative Minimum Tax)	5/12 at 100.00	AA+	1,075,796
1,000	Maryland – 2.3% (1.6% of Total Investments) Howard County, Maryland, Retirement Community Revenue Bonds, Vantage House, Series 2007B, 5.250%, 4/01/37	4/17 at 100.00	N/R	756,480
1,135	Maryland Community Development Administration, Insured Multifamily Housing Mortgage Loan Revenue Bonds, Series 2001B, 5.250%, 7/01/21 (Pre-refunded 7/01/12) (Alternative Minimum Tax)	7/12 at 100.00	Aa2 (4)	1,135,000
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	1,296,700
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	10,660,420
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-	558,796
15,290	Total Maryland Massachusetts – 6.5% (4.6% of Total Investments)			14,407,396
1,375	Massachusetts Development Finance Agency, Revenue Bonds, Orchard Cove, Series 2007, 5.250%, 10/01/26	10/12 at 102.00	N/R	1,229,484
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-	888,450
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	1,680,096
1,505	Massachusetts Housing Finance Agency, Single Family Housing Revenue Bonds, Series 2008, Trust	6/18 at 100.00	AA	1,693,501

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	3145, 15.518%, 6/01/16 (IF)			
400	Massachusetts Port Authority, Special Facilities Revenue Bonds, ConRac Project, Series 2011A, 5.125%, 7/01/41	7/21 at 100.00	A	436,156
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)	7/12 at 100.00	N/R	4,726,850
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+	3,590,953
5,000	Massachusetts, General Obligation Bonds, Consolidated Loan, Series 2002C, 5.250%, 11/01/30 (Pre-refunded 11/01/12)	11/12 at 100.00	AA+ (4)	5,188,950
2,255	Massachusetts, General Obligation Bonds, Consolidated Loan, Series 2002E: 5.250%, 1/01/22 (Pre-refunded 1/01/13) – FGIC Insured	1/13 at 100.00	AA+ (4)	2,358,482
7,495	5.250%, 1/01/22 (Pre-refunded 1/01/13) – FGIC Insured	1/13 at 100.00	AA+ (4)	7,838,946
7,165	Metropolitan Boston Massachusetts, Transit Parking Corporation, Systemwide Parking Revenue Bonds, Senior Lien Series 2011, 5.000%, 7/01/41	7/21 at 100.00	A+	7,713,624
3,210	Worcester, Massachusetts, General Obligation Bonds, Series 2011, 3.000%, 8/15/12 – AGM Insured	No Opt. Call	AA–	3,256,352
39,470	Total Massachusetts Michigan – 5.9% (4.2% of Total Investments)			40,601,844
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	17,736,150
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	1,538,240
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–	3,198,690
5,000	Michigan Finance Authority, Revenue Bonds, Trinity Health Credit Group, Refunding Series 2011, 5.000%, 12/01/39	No Opt. Call	AA	5,313,000
2,250	Michigan State Building Authority, Revenue Refunding Bonds, Facilities Program, Series 2011-I-A, 5.375%, 10/15/41	No Opt. Call	Aa3	2,537,213
2,395	Michigan State Hospital Finance Authority, Hospital Revenue Refunding Bonds, Sisters of Mercy Health Corporation, Series 1993P, 5.375%, 8/15/14 – NPMFG Insured (ETM)	No Opt. Call	BBB (4)	2,544,735
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	3,012,118
635			N/R (4)	762,864

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	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		
32,895	Total Michigan			36,643,010
	Minnesota – 1.2% (0.8% 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	2,295,845
3,000	Minnesota State, General Obligation Bonds, Various Purpose, Refunding Series 2010D, 5.000%, 8/01/18	No Opt. Call	AA+	3,749,520
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	1,364,440
6,560	Total Minnesota			7,409,805
	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	5/12 at 100.00	AA+	2,164,029
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	3,165,240
5,155	Total Mississippi			5,329,269
	Missouri – 1.1% (0.8% 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	1,458,926
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	862,710
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)	1,897,307
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	2,931,725
6,820	Total Missouri			7,150,668
	Montana – 0.8% (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+	5,039,850
4,045	Nebraska – 1.0% (0.7% of Total Investments) Nebraska Investment Finance Authority, Single Family Housing Revenue Bonds, Series 2010A, 6.050%, 9/01/41	9/20 at 100.00	AA+	4,305,741

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1,005	Omaha Public Power District, Nebraska, Separate Electric System Revenue Bonds, Nebraska City 2, Series 2006A, 20.018%, 8/01/40 – AMBAC Insured (IF)	2/17 at 100.00	AA+	1,715,716
5,050	Total Nebraska Nevada – 5.5% (3.9% of Total Investments)			6,021,457
10,000	Clark County, Nevada, Airport Revenue Bonds, Subordinate Lien Series 2010B, 5.750%, 7/01/42	1/20 at 100.00	Aa3	11,238,400
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	6,460,140
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)	7/12 at 100.00	N/R	4,800
5,000	Henderson, Nevada, General Obligation Sewer Bonds, Series 2004, 5.000%, 6/01/34 – FGIC Insured	12/14 at 100.00	AA	5,195,600
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+	11,005,200
35,000	Total Nevada New Hampshire – 0.3% (0.2% of Total Investments)			33,904,140
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	2,024,680
1,000	New Jersey – 5.3% (3.7% of Total Investments) New Jersey Economic Development Authority, Water Facilities Revenue Bonds, American Water Company, Series 1998A, 5.250%, 7/01/38 – FGIC Insured (Alternative Minimum Tax)	7/12 at 100.00	A	1,002,990
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	10,206,900
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	519,343
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	4,397,993
12,970	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Capital Appreciation Series 2010A, 0.000%, 12/15/33	No Opt. Call	A+	4,399,165
20,000	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/33 – AGM Insured	No Opt. Call	AA–	7,031,200
7,260	Tobacco Settlement Financing Corporation, New Jersey, Tobacco Settlement Asset-Backed Bonds, Series 2007-1A, 4.750%, 6/01/34	6/17 at 100.00	B2	5,444,274
55,975	Total New Jersey New York – 6.8% (4.8% of Total Investments)			33,001,865
900	Albany Industrial Development Agency, New York, Revenue Bonds, Brighter Choice Charter	4/17 at 100.00	N/R	811,026

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Schools, Series 2007A, 5.000%, 4/01/32

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-	1,355,746
3,400	0.000%, 7/15/44	No Opt. Call	BBB-	524,110
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	5,259,235
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	1,796,963
2,100	Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Senior Fiscal 2012 Series 2011A, 5.750%, 2/15/47	No Opt. Call	A	2,377,284
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	4,970,571
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-	3,079,328
750	Metropolitan Transportation Authority, New York, Transportation Revenue Bonds, Series 2011A, 5.000%, 11/15/41	11/21 at 100.00	A	820,710
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	BBB	4,287,087
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	N/R	7,234,480
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+	3,580,000
885	New York City, New York, General Obligation Bonds, Fiscal Series 2002G, 5.625%, 8/01/20 – NPMFG Insured	8/12 at 100.00	AA	907,479
1,615	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)	1,659,073
3,000	New York State Power Authority, General Revenue Bonds, Series 2011A, 5.000%, 11/15/38	11/21 at 100.00	Aa2	3,406,050
43,470	Total New York			42,069,142
	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, 15.087%, 7/15/32 (IF) (6)	1/18 at 100.00	AA-	1,940,576

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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-	1,276,452
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)	1,975,995
520	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13 (ETM)	No Opt. Call	N/R (4)	545,303
1,085	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13	No Opt. Call	A	1,134,194
6,265	Total North Carolina Ohio – 2.0% (1.4% of Total Investments)			6,872,520
4,735	Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2: 5.125%, 6/01/24	6/17 at 100.00	B-	3,734,637
710	5.875%, 6/01/30	6/17 at 100.00	B-	552,217
685	5.750%, 6/01/34	6/17 at 100.00	B-	510,072
1,570	5.875%, 6/01/47	6/17 at 100.00	B-	1,166,730
5,800	Franklin County, Ohio, Hospital Revenue Bonds, OhioHealth Corporation, Series 2011A, 5.000%, 11/15/41	11/21 at 100.00	AA	6,209,828
13,500	Total Ohio Oklahoma – 2.0% (1.4% of Total Investments)			12,173,484
4,370	Oklahoma Development Finance Authority, Revenue Bonds, Saint John Health System, Series 2007: 5.000%, 2/15/37	2/17 at 100.00	A	4,562,499
955	5.000%, 2/15/42	2/17 at 100.00	A	992,656
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+	6,599,822
88	Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2008, Trust 3500, 8.464%, 6/15/30 (IF)	12/16 at 100.00	AA+	95,481
11,718	Total Oklahoma Oregon – 0.8% (0.5% of Total Investments)			12,250,458
4,700	Oregon Health, Housing, Educational and Cultural Facilities Authority, Revenue Bonds, PeaceHealth Project, Series 2001, 5.250%, 11/15/21 – AMBAC Insured	5/12 at 101.00	A+	4,757,669
500	Pennsylvania – 3.4% (2.4% of Total Investments)		BBB	444,985

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	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		
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)	7/12 at 100.00	D	2,118,410
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-	1,496,558
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)	5,860,689
10,590	State Public School Building Authority, Pennsylvania, Lease Revenue Bonds, Philadelphia School District, Series 2003, 5.000%, 6/01/33 (Pre-refunded 6/01/13) – AGM Insured	6/13 at 100.00	AA+ (4)	11,262,359
21,695	Total Pennsylvania			21,183,001
	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	2,650,250
	Tennessee – 0.2% (0.2% of Total Investments)			
3,680	Knox County Health, Educational and Housing Facilities Board, Tennessee, Hospital Revenue Refunding Bonds, Covenant Health, Series 2006A, 0.000%, 1/01/41	1/17 at 30.07	A	820,456
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+	280,877
	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	59,128
2,800	5.500%, 11/01/46 (5) (7)	11/17 at 100.00	N/R	206,948
7,555	Total Tennessee			1,367,409
	Texas – 17.9% (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	5,679,407
2,700	Central Texas Regional Mobility Authority, Senior Lien Revenue Bonds, Series 2011, 6.250%, 1/01/46	1/21 at 100.00	BBB-	2,898,099
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-	4,956,885
3,135	Dallas-Ft. Worth International Airport, Texas, Joint Revenue Refunding and Improvement Bonds,	5/12 at 100.00	A+	3,137,508

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	Series 2001A, 5.500%, 11/01/35 – NPFG Insured (Alternative Minimum Tax)			
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	5,066,450
10,000	Houston, Texas, First Lien Combined Utility System Revenue Bonds, Series 2011D, 5.000%, 11/15/40	11/21 at 100.00	AA	11,202,800
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	5,416,567
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)	8,464,920
	Houston, Texas, Subordinate Lien Airport System Revenue Refunding Bonds, Series 2001A:			
2,525	5.500%, 7/01/13 – FGIC Insured (Alternative Minimum Tax)	7/12 at 100.00	A	2,534,848
2,905	5.500%, 7/01/14 – FGIC Insured (Alternative Minimum Tax)	7/12 at 100.00	A	2,916,330
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	14,966,368
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	8,556,320
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	1,919,138
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	A–	2,760,075
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	3,407,607
	North Texas Tollway Authority, Special Projects System Revenue Bonds, Series 2011C:			
4,370	0.000%, 9/01/43	9/31 at 100.00	AA	2,877,033
9,130	0.000%, 9/01/45	9/31 at 100.00	AA	6,637,419
3,500	Southwest Higher Education Authority Inc, Texas, Revenue Bonds, Southern Methodist University, Series 2010, 5.000%, 10/01/41	No Opt. Call	AA–	3,915,765
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–	8,021,398

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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	2,535,313
9,110	0.000%, 8/15/40	8/15 at 27.11	AAA	2,130,829
7,110	0.000%, 8/15/44	8/15 at 21.88	AAA	1,337,889
126,805	Total Texas			111,338,968
	Utah – 0.3% (0.2% of Total Investments)			
	Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E:			
590	5.200%, 1/01/18 (Alternative Minimum Tax)	7/12 at 100.00	AA–	592,124
240	5.500%, 1/01/23 (Alternative Minimum Tax)	7/12 at 100.00	Aaa	250,025
	Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1:			
905	4.950%, 7/01/18 (Alternative Minimum Tax)	7/12 at 100.00	AA–	919,272
355	5.300%, 7/01/23 (Alternative Minimum Tax)	7/12 at 100.00	Aaa	368,199
2,090	Total Utah			2,129,620
	Virginia – 0.4% (0.3% 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	927,260
1,500	Virginia Commonwealth University Health System Authority, General Revenue Bonds, Series 2011, 4.750%, 7/01/41	7/21 at 100.00	AA–	1,601,460
2,500	Total Virginia			2,528,720
	Washington – 7.6% (5.4% of Total Investments)			
2,500	King County, Washington, Sewer Revenue Bonds, Series 2009, 5.250%, 1/01/42	1/19 at 100.00	AA+	2,791,825
	Port of Seattle, Washington, Revenue Bonds, Series 2001B:			
2,535	5.625%, 4/01/18 – FGIC Insured (Alternative Minimum Tax)	4/12 at 100.00	Aa2	2,544,227
16,000	5.100%, 4/01/24 – FGIC Insured (Alternative Minimum Tax) (UB)	4/12 at 100.00	Aa2	16,028,480
5,205	Port of Seattle, Washington, Revenue Bonds, Series 2005A, 5.000%, 3/01/35 – NPMG Insured	3/15 at 100.00	Aa3	5,647,946
10,000	Washington Health Care Facilities Authority, Revenue Bonds, Catholic Health, Series 2011A, 5.000%, 2/01/41	2/21 at 100.00	AA	10,706,700
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	3,659,271
	Washington State Health Care Facilities Authority, Revenue Bonds, Group Health Cooperative of Puget Sound, Series 2001:			

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3,005	5.375%, 12/01/17 – AMBAC Insured	6/12 at 101.00	BBB–	3,039,618
2,915	5.375%, 12/01/18 – AMBAC Insured	6/12 at 101.00	BBB–	2,948,231
45,570	Total Washington Wisconsin – 0.7% (0.5% of Total Investments)			47,366,298
1,000	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Franciscan Sisters of Christian Charity HealthCare Ministry, Series 2007, 5.000%, 9/01/33	9/17 at 100.00	BBB+	1,006,000
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–	354,011
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+	2,503,800
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+	328,287
4,180	Total Wisconsin			4,192,098
\$				
923,058	Total Long-Term Investments (cost \$797,959,352)			839,421,566

Shares	Description (1)		Value
	Investment Companies – 0.6% (0.4% of Total Investments)		
6,266	BlackRock MuniHoldings Fund Inc.		\$ 112,475
26,880	Dreyfus Strategic Municipals Inc.		248,102
131,278	DWS Municipal Income Trust		1,865,460
43,020	Invesco Van Kampen Investment Grade Municipal Trust		664,229
30,000	Invesco Van Kampen Municipal Opportunity Trust		468,300
43,420	PIMCO Municipal Income Fund II		558,815
	Total Investment Companies (cost \$3,325,133)		3,917,381

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Short-Term Investments – 6.2% (4.3% of Total Investments)			
	Florida – 1.7% (1.2% of Total Investments)			
\$ 5,000	Florida Housing Finance Corporation, Housing Revenue Bonds, Waverly Apartments, Series 2000-C1, 0.080%, 11/01/19 (8)	No Opt. Call	AAA	\$ 5,000,000
5,675	Miami-Dade County School Board, Florida, Certificates of Participation, Tender Option Bond Trust 4009Z, 0.180%, 11/01/16 – AGC Insured (8)	No Opt. Call	AA–	5,675,000
10,675	Total Florida			10,675,000
	Illinois – 1.4% (1.0% 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

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	Iowa – 1.4% (1.0% of Total Investments)			
8,500	Iowa State, Special Obligation Bonds, I-Jobs Program, Tender Option Bond Trust 13B-B REG D, 0.100%, 6/01/26 (8)	No Opt. Call	AA	8,500,000
	South Carolina – 0.8% (0.5% of Total Investments)			
4,730	South Carolina Educational Facilities Authority, Charleston Southern University Education Facilities Revenue Bond, Variable Rate Demand Series 2003, 0.080%, 4/01/28 (8)	2/12 at 100.00	N/R	4,730,000
	Washington – 0.9% (0.6% of Total Investments)			
5,480	Bellingham, Washington, Water and Sewer Revenue Bonds, Tender Option Bond Trust 11981X, 0.090%, 8/01/19 (8)	No Opt. Call	Aa2	5,480,000
\$				
38,385	Total Short-Term Investments (cost \$38,385,000)			38,385,000
	Total Investments (cost \$839,669,485) – 142.0%			881,723,947
	Floating Rate Obligations – (9.0)%			(55,612,000)
	MuniFund Rate Term Preferred Shares, at Liquidation Value – (11.3)% (9)			(70,000,000)
	Variable Rate MuniFund Term Preferred Shares, at Liquidation Value - (27.2)% (9)			(169,200,000)
	Other Assets Less Liabilities – 5.5%			33,871,552
				\$
	Net Assets Applicable to Common Shares – 100%			620,783,499

Fair Value Measurements

Fair value is defined as the price that the Fund 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).

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 the Fund's fair value measurements as of January 31, 2012:

	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$—	\$839,155,490	\$266,076	\$839,421,566
Investment Companies	3,917,381	—	—	3,917,381
Short-Term Investments	—	38,385,000	—	38,385,000
Total	\$3,917,381	\$877,540,490	\$266,076	\$881,723,947

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

	Level 3
	Investments
Balance at the beginning of period	\$226,760
Gains (losses):	
Net realized gains (losses)	—
Net change in unrealized appreciation (depreciation)	(684)
Purchases at cost	—
Sales at proceeds	—
Net discounts (premiums)	—
Transfers in to	—
Transfers out of	—
Balance at the end of period	\$266,076

During the period ended January 31, 2012, the Fund recognized no significant transfers to or from Level 1, Level 2 or Level 3.

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 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 on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At January 31, 2012, the cost of investments was \$786,748,079.

Gross unrealized appreciation and gross unrealized depreciation of investments at January 31, 2012, were as follows:

Gross unrealized:	
Appreciation	\$60,987,527
Depreciation	(21,562,623)
Net unrealized appreciation (depreciation) of investments	\$39,424,904

- (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: 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: 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. Certain bonds backed by U.S. Government or agency securities are regarded as having 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.
- (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.
MuniFund Term Preferred Shares and Variable Rate MuniFund Term Preferred Shares, at Liquidation
- (9) Value
as a percentage of Total Investments are 7.9% and 19.2%, 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.

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, 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 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 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 registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form 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)), exactly as set forth below: See EX-99 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 3

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

Date March 30, 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 March 30, 2012

By (Signature and Title) /s/ Stephen D. Foy
Stephen D. Foy
Vice President and Controller (principal financial officer)

Date March 30, 2012