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	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 \$ 1,148,854
	6,575
Total Minnesota	6,955,004
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	5/11 at 101.00 AAA 2,150,712
	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 3,043,980
	5,155
Total Mississippi	5,194,692
Missouri – 3.0% (2.0% of Total Investments)	
	1,495

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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 1,264,755 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 698,590 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) 1,960,926
Missouri Development Finance Board, Cultural Facilities Revenue Bonds, Nelson Gallery Foundation, Series 2001A: 5.250%, 12/01/19 (Pre-refunded 12/01/11) – NPMFG Insured	3,335 12/11 at 100.00 AA- (4) 3,431,215 3,510
5.250%, 12/01/20 (Pre-refunded 12/01/11) – NPMFG Insured	12/11 at 100.00 AA- (4) 3,611,264 3,695
5.250%, 12/01/21 (Pre-refunded 12/01/11) – NPMFG Insured	12/11 at 100.00 AA- (4) 3,801,601

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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)
	2,098,854
	16,900
Total Missouri	
	16,867,205
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)	
	7/11 at 100.50
	B+
	5,008,650
Nebraska – 1.1% (0.7% of Total Investments)	
	4,525
Nebraska Investment Finance Authority, Single Family Housing Revenue Bonds, Series 2010A, 6.050%, 9/01/41	
	9/20 at 100.00
	AAA
	4,632,469
	1,005
Omaha Public Power District, Nebraska, Separate Electric System Revenue Bonds, Nebraska City 2, Series 2006A, Trust 11673, 19.815%, 8/01/40 – AMBAC Insured (IF)	
	2/17 at 100.00
	AA+
	1,328,711
	5,530
Total Nebraska	
	5,961,180
Nevada – 3.8% (2.5% of Total Investments)	

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	10,000
Clark County, Nevada, Airport Revenue Bonds, Subordinte Lien Series 2010B, 5.750%, 7/01/42	
	1/20 at 100.00
	Aa3
	10,107,900
	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
	5,591,460
	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)	
	7/11 at 100.00
	N/R
	501,560
	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
	7,000
	145
Nevada Housing Division, Single Family Mortgage Bonds, Senior Series 1998A-1, 5.300%, 4/01/18 (Alternative Minimum Tax)	
	10/11 at 100.00
	Aaa
	148,352
	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)

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	4,433,501
	26,435
Total Nevada	
	20,789,773
New Hampshire – 0.4% (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	10/11 at 101.00 Aa3
	2,029,160
	Nuveen Investments 75

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

NZF

April 30, 2011 (Unaudited)

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	New Jersey – 4.7% (3.2% 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	\$ 9,650,300
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	461,230
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	4,454,835
12,970	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Capital Appreciation Series 2010A, 0.000%, 12/15/33	No Opt. Call	A+	2,951,713
20,000	New Jersey Transportation Trust Fund Authority, Transportation System Bonds, Series 2006C, 0.000%, 12/15/33 – AGM Insured	No Opt. Call	AA+	4,326,200
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	Baa3	4,376,284
54,760	Total New Jersey			26,220,562
	New York – 5.1% (3.4% 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	696,402
	Brooklyn Areba 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–	1,236,725
3,400	0.000%, 7/15/44	No Opt. Call	BBB–	332,418
1,780	East Rochester Housing Authority, New York, GNMA Secured Revenue Bonds, Gates Senior Housing Inc., Series 2001, 5.300%, 4/20/31	10/11 at 101.00	N/R	1,696,927
5,010	Hudson Yards Infrastructure Corporation, New York, Revenue Bonds, Series 2006A, 4.500%, 2/15/47 – NPFPG Insured	2/17 at 100.00	A	3,812,810
4,155	Monroe County Airport Authority, New York, Revenue Refunding Bonds, Greater Rochester International Airport, Series 1999, 5.750%, 1/01/13 – NPFPG Insured (Alternative Minimum Tax)	No Opt. Call	Baa1	4,354,066
8,000			B–	8,102,240

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	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		
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+	3,229,188
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	956,929
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)	1,694,876
2,000	New York State Tobacco Settlement Financing Corporation, Tobacco Settlement Asset-Backed and State Contingency Contract-Backed Bonds, Series 2003B-1C, 5.500%, 6/01/16	6/11 at 100.00	AA-	2,014,120
32,145	Total New York			28,126,701
	North Carolina – 1.1% (0.7% of Total Investments)			
1,710	Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue Bonds, Series 2008, Trust 1149, 14.873%, 7/15/32 (IF)	1/18 at 100.00	AA-	1,340,486
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-	1,169,088
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	AAA	1,987,633
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)	556,967
1,085	North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.500%, 1/01/13	No Opt. Call	A	1,164,433
6,260	Total North Carolina			6,218,607

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Ohio – 0.8% (0.5% of Total Investments)			
	Buckeye Tobacco Settlement Financing Authority, Ohio, Tobacco Settlement Asset-Backed Revenue Bonds, Senior Lien, Series 2007A-2:			
\$ 3,135	5.125%, 6/01/24	6/17 at 100.00	Baa3	\$ 2,422,289
710	5.875%, 6/01/30	6/17 at 100.00	Baa3	512,364
685	5.750%, 6/01/34	6/17 at 100.00	Baa3	471,965
1,570	5.875%, 6/01/47	6/17 at 100.00	Baa3	1,059,263
6,100	Total Ohio			4,465,881
	Oklahoma – 2.0% (1.3% 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	4,104,697
955	5.000%, 2/15/42	2/17 at 100.00	A	883,108
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+	6,058,159
88	Tulsa County Industrial Authority, Oklahoma, Health Care Revenue Bonds, Saint Francis Health System, Series 2008, Trust 3500, 8.356%, 6/15/30 (IF)	12/16 at 100.00	AA+	81,729
11,718	Total Oklahoma			11,127,693
	Oregon – 0.9% (0.6% of Total Investments)			
4,700	Oregon Health, Housing, Educational and Cultural Facilities Authority, Revenue Bonds, PeaceHealth Project, Series 2001, 5.250%, 11/15/21 – AMBAC Insured	11/11 at 101.00	A+	4,770,829
	Pennsylvania – 1.3% (0.8% 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	381,185
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)	7/11 at 100.00	CC	1,929,585
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–	1,288,840
3,205			Aa2 (4)	3,412,876

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	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		
8,605	Total Pennsylvania			7,012,486
	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	2,421,400
	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–	524,032
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+	227,824
	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), (6)	11/17 at 100.00	N/R	40,080
2,800	5.500%, 11/01/46 (5), (6)	11/17 at 100.00	N/R	140,280
730	Tennessee Housing Development Agency, Homeownership Program Bonds, Series 2001-3A, 5.200%, 7/01/22 (Alternative Minimum Tax)	7/11 at 100.00	AA+	730,562
8,285	Total Tennessee			1,662,778
	Texas – 23.2% (15.4% 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	5,088,135
3,850	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+	3,682,949
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	4,876,000
4,040	Harris County, Texas, Tax and Revenue Certificates of Obligation, Series 2001, 5.000%, 8/15/27 (Pre-refunded 8/15/11)	8/11 at 100.00	AAA	4,096,600

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NZF Nuveen Dividend Advantage Municipal Fund 3 (continued)
 Portfolio of Investments
 April 30, 2011 (Unaudited)

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Texas (continued)			
\$ 6,000	Houston, Texas, Junior Lien Water and Sewerage System Revenue Refunding Bonds, Series 2001B, 5.500%, 12/01/29 – NPMFG Insured (ETM)	No Opt. Call	N/R (4)	\$ 6,927,480
7,000	Houston, Texas, Subordinate Lien Airport System Revenue Bonds, Series 1998B, 5.250%, 7/01/14 – NPMFG Insured (Alternative Minimum Tax)	7/11 at 100.00	A	7,016,030
	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	2,594,842
2,905	5.500%, 7/01/14 – FGIC Insured (Alternative Minimum Tax)	1/12 at 100.00	A	2,985,352
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	14,117,782
	Jefferson County Health Facilities Development Corporation, Texas, FHA-Insured Mortgage Revenue Bonds, Baptist Hospital of Southeast Texas, Series 2001:			
8,500	5.400%, 8/15/31 (Pre-refunded 8/15/11) – AMBAC Insured	8/11 at 100.00	N/R (4)	8,615,515
8,500	5.500%, 8/15/41 (Pre-refunded 8/15/11) – AMBAC Insured	8/11 at 100.00	N/R (4)	8,618,065
3,090	Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25	8/11 at 100.00	AAA	3,116,327
7,610	Laredo Independent School District, Webb County, Texas, General Obligation Refunding Bonds, Series 2001, 5.000%, 8/01/25 (Pre-refunded 8/01/11)	8/11 at 100.00	Aaa	7,702,538
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	7,634,640
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	1,733,935
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	2,387,350
3,150			A3	3,065,990

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	North Texas Tollway Authority, Second Tier System Revenue Refunding Bonds, Series 2008F, 5.750%, 1/01/38	1/18 at 100.00		
North Texas Tollway Authority, Special Projects System Revenue Bonds, Series 2011A:				
4,370	0.000%, 9/01/43	9/31 at 100.00	AA	2,050,273
9,130	0.000%, 9/01/45	9/31 at 100.00	AA	4,941,613
3,045	Port of Houston Authority, Harris County, Texas, General Obligation Port Improvement Bonds, Series 2001B, 5.500%, 10/01/17 – FGIC Insured (Alternative Minimum Tax)	10/11 at 100.00	AAA	3,078,282
3,500	Southwest Higher Education Authority Inc, Texas, Revenue Bonds, Southern Methodist University, Series 2010, 5.000%, 10/01/41	No Opt. Call	AA–	3,454,045
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–	7,036,029
8,820	Texas Department of Housing and Community Affairs, Residential Mortgage Revenue Bonds, Series 2001A, 5.350%, 7/01/33 (Alternative Minimum Tax)	7/11 at 100.00	AAA	8,662,034
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	2,083,639
9,110	0.000%, 8/15/40	8/15 at 27.11	AAA	1,727,529
7,110	0.000%, 8/15/44	8/15 at 21.88	AAA	1,057,541
155,960	Total Texas			128,350,515
Utah – 0.4% (0.3% of Total Investments)				
Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001E:				
665	5.200%, 1/01/18 (Alternative Minimum Tax)	7/11 at 100.00	AA–	668,132
240	5.500%, 1/01/23 (Alternative Minimum Tax)	7/11 at 100.00	Aaa	246,206
Utah Housing Corporation, Single Family Mortgage Bonds, Series 2001F-1:				
1,075	4.950%, 7/01/18 (Alternative Minimum Tax)	7/11 at 100.00	AA–	1,092,813
360	5.300%, 7/01/23 (Alternative Minimum Tax)	7/11 at 100.00	Aaa	366,667
2,340	Total Utah			2,373,818
Virginia – 0.2% (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	848,650

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Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Washington – 13.1% (8.7% of Total Investments)			
	Bellingham Housing Authority, Washington, Housing Revenue Bonds, Varsity Village Project, Series 2001A:			
\$ 1,000	5.500%, 12/01/27 – NPFPG Insured	12/11 at 100.00	Aaa	\$ 1,006,110
2,000	5.600%, 12/01/36 – NPFPG Insured	12/11 at 100.00	Aaa	2,007,000
2,500	King County, Washington, Sewer Revenue Bonds, Series 2009, 5.250%, 1/01/42	1/19 at 100.00	AA+	2,559,225
	Port of Seattle, Washington, Revenue Bonds, Series 2001B:			
2,535	5.625%, 4/01/18 – FGIC Insured (Alternative Minimum Tax) (UB)	10/11 at 100.00	Aa2	2,577,816
16,000	5.100%, 4/01/24 – FGIC Insured (Alternative Minimum Tax) (UB)	7/11 at 100.00	Aa2	16,001,280
1,440	Public Utility District 1, Benton County, Washington, Electric Revenue Refunding Bonds, Series 2001A, 5.625%, 11/01/15 (Pre-refunded 11/01/11) – AGM Insured	11/11 at 100.00	AA+ (4)	1,478,491
650	Public Utility District 1, Benton County, Washington, Electric Revenue Refunding Bonds, Series 2001A, 5.625%, 11/01/15 – AGM Insured	11/11 at 100.00	AA+	664,957
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)	4,660,691
3,720	Washington State Health Care Facilities Authority, Revenue Bonds, Children’s Hospital and Regional Medical Center, Series 2001, 5.375%, 10/01/18 (Pre-refunded 10/01/11) – AMBAC Insured	10/11 at 100.00	Aa3 (4)	3,798,046
	Washington State Health Care Facilities Authority, Revenue Bonds, Good Samaritan Hospital, Series 2001:			
5,480	5.500%, 10/01/21 (Pre-refunded 10/01/11) – RAAI Insured	10/11 at 101.00	BBB– (4)	5,652,565
25,435	5.625%, 10/01/31 (Pre-refunded 10/01/11) – RAAI Insured	10/11 at 101.00	BBB– (4)	26,249,429
	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	3,052,509
2,915	5.375%, 12/01/18 – AMBAC Insured	12/11 at 101.00	BBB	2,953,216
71,210	Total Washington			72,661,335
	Wisconsin – 2.4% (1.6% of Total Investments)			
	Appleton, Wisconsin, Waterworks Revenue Refunding Bonds, Series 2001:			

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3,705	5.375%, 1/01/20 (Pre-refunded 1/01/12) – FGIC Insured	1/12 at 100.00	N/R (4)	3,830,785
1,850	5.000%, 1/01/21 (Pre-refunded 1/01/12) – FGIC Insured	1/12 at 100.00	N/R (4)	1,908,146
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+	851,560
350	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30	10/11 at 101.00	AA–	350,291
3,650	Wisconsin Health and Educational Facilities Authority, Revenue Bonds, Froedtert and Community Health Obligated Group, Series 2001, 5.375%, 10/01/30 (Pre-refunded 10/01/11)	10/11 at 101.00	AA– (4)	3,763,041
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+	2,506,225
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+	280,018
13,385	Total Wisconsin			13,490,066
\$ 982,563	Total Municipal Bonds (cost \$852,788,119)			824,171,872

Shares	Description (1)	Value
	Investment Companies – 0.6% (0.4% of Total Investments)	
6,266	BlackRock MuniHoldings Fund Inc.	\$ 90,920
26,880	Dreyfus Strategic Municipal Fund	211,277
131,278	DWS Municipal Income Trust	1,537,265
43,020	Invesco Van Kampen Investment Grade Municipal Trust	566,573
30,000	Invesco Van Kampen Municipal Opportunity Trust	386,700
43,420	PIMCO Municipal Income Fund II	438,542
	Total Investment Companies (cost \$3,325,133)	3,231,277

Nuveen Investments 79

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Nuveen Dividend Advantage Municipal Fund 3 (continued)
 NZF Portfolio of Investments
 April 30, 2011 (Unaudited)

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Short-Term Investments – 0.9% (0.6% of Total Investments)			
	South Carolina – 0.9% (0.6% of Total Investments)			
\$ 4,730	South Carolina Educational Facilities Authority, Charleston Southern University Education Facilities Revenue Bond, Variable Rate Demand Series 2003, 0.270%, 4/01/28 (8)	5/11 at 100.00	N/R	\$ 4,730,000
\$ 4,730	Total Short-Term Investments (cost \$4,730,000)			4,730,000
	Total Investments (cost \$860,843,252) – 150.5%			832,133,149
	Floating Rate Obligations – (11.1%)			(61,132,000)
	MuniTerm Preferred Shares, at Liquidation Value – (12.7)% (9)			(70,000,000)
	Other Assets Less Liabilities – 3.8%			20,399,964
	Auction Rate Preferred Shares at Liquidation Value – (30.5)% (9)			(168,400,000)
	Net Assets Applicable to Common Shares – 100%			\$ 553,001,113

- (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 Investor 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. Such investments are normally considered to be equivalent to AAA rated 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) 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.
- (7) Investment, or portion of investment, has been pledged to collateralize the net payment obligations of investments in inverse floating rate transactions.
- (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 Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments are 8.4% and 20.2%, respectively.

- N/R Not rated.
- (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.

80 Nuveen Investments

Statement of
Assets & Liabilities

April 30, 2011 (Unaudited)

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)
Assets			
Investments, at value (cost \$1,282,652,166, \$949,386,064 and \$1,005,041,850, respectively)	\$ 1,263,296,465	\$ 912,199,838	\$ 937,587,364
Cash	14,156,274	1,583,416	7,060,180
Receivables:			
Dividends and interest	18,242,171	15,420,637	15,370,577
Investments sold	10,000	10,707,134	9,205,000
Deferred offering costs	1,673,393	2,054,038	4,061,310
Other assets	317,030	445,183	432,986
Total assets	1,297,695,333	942,410,246	973,717,417
Liabilities			
Floating rate obligations	40,825,000	59,788,333	43,530,000
Payables:			
Auction Rate Preferred share dividends	12,066	—	—
Common share dividends	4,142,261	3,070,577	3,265,632
Interest	520,251	—	—
Offering costs	249,154	243,099	393,751
MuniFund Term Preferred (MTP) shares, at liquidation value	—	—	—
Variable 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	636,099	409,397	396,894
Other	357,793	210,809	257,054
Total liabilities	468,442,624	360,522,215	398,743,331
Auction Rate Preferred shares (ARPS), at liquidation value	—	—	—
Net assets applicable to Common shares	\$ 829,252,709	\$ 581,888,031	\$ 574,974,086
Common shares outstanding	59,952,462	43,502,742	45,809,174
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 13.83	\$ 13.38	\$ 12.55
Net assets applicable to Common shares consist of:			
Common shares, \$.01 par value per share	\$ 599,525	\$ 435,027	\$ 458,092
Paid-in surplus	838,916,306	608,197,679	639,096,126
Undistributed (Over-distribution of) net investment income	17,262,981	9,157,952	7,838,360
Accumulated net realized gain (loss)	(8,170,402)	1,283,599	(4,964,006)
Net unrealized appreciation (depreciation)	(19,355,701)	(37,186,226)	(67,454,486)
Net assets applicable to Common shares	\$ 829,252,709	\$ 581,888,031	\$ 574,974,086

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Authorized shares:			
Common	200,000,000	200,000,000	200,000,000
ARPS	1,000,000	1,000,000	1,000,000
MTP	—	—	—
VMTP	Unlimited	—	—
VRDP	—	Unlimited	Unlimited

See accompanying notes to financial statements.

Nuveen Investments 81

Statement of
Assets & Liabilities (continued)
April 30, 2011 (Unaudited)

	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Assets			
Investments, at value (cost \$856,943,299, \$618,711,664 and \$860,843,252, respectively)	\$ 815,024,785	\$ 591,162,570	\$ 832,133,149
Cash	8,970,092	246,751	7,482,669
Receivables:			
Dividends and interest	13,371,333	11,110,151	14,918,011
Investments sold	50,968	15,577,229	656,846
Deferred offering costs	2,002,216	2,106,015	1,325,669
Other assets	214,967	239,623	203,737
Total assets	839,634,361	620,442,339	856,720,081
Liabilities			
Floating rate obligations	51,605,000	26,660,000	61,132,000
Payables:			
Auction Rate Preferred share dividends	16,806	—	11,989
Common share dividends	2,877,538	2,277,967	3,206,285
Interest	324,675	—	163,333
Offering costs	211,269	108,461	250,041
MuniFund Term Preferred (MTP) shares, at liquidation value	144,300,000	—	70,000,000
Variable MuniFund Term Preferred (VMTP) shares, at liquidation value	—	—	—
Variable Rate Demand Preferred (VRDP) shares, at liquidation value	—	196,000,000	—
Accrued expenses:			
Management fees	402,512	294,387	391,739
Other	234,577	147,898	163,581
Total liabilities	199,972,377	225,488,713	135,318,968
Auction Rate Preferred shares (ARPS), at liquidation value	120,075,000	—	168,400,000
Net assets applicable to Common shares	\$ 519,586,984	\$ 394,953,626	\$ 553,001,113
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)	\$ 13.22	\$ 13.41	\$ 13.69
Net assets applicable to Common shares consist of:			
Common shares, \$.01 par value per share	\$ 392,964	\$ 294,618	\$ 403,920
Paid-in surplus	550,828,919	420,334,455	575,733,715
Undistributed (Over-distribution of) net investment income	10,751,430	5,961,835	10,185,779
Accumulated net realized gain (loss)	(467,815)	(4,088,188)	(4,612,198)

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Net unrealized appreciation (depreciation)	(41,918,514)	(27,549,094)	(28,710,103)
Net assets applicable to Common shares	\$ 519,586,984	\$ 394,953,626	\$ 553,001,113
Authorized shares:			
Common	Unlimited	Unlimited	Unlimited
ARPS	Unlimited	Unlimited	Unlimited
MTP	Unlimited	—	Unlimited
VMTP	—	—	—
VRDP	—	Unlimited	—

See accompanying notes to financial statements.

82 Nuveen Investments

Statement of
Operations
Six Months Ended April 30, 2011 (Unaudited)

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
Investment Income	\$ 35,888,197	\$ 26,491,337	\$ 26,586,348	\$ 23,649,535	\$ 18,128,297	\$ 24,238,421
Expenses						
Management fees	3,890,994	2,774,296	2,853,509	2,471,176	1,811,423	2,607,619
Auction fees	198,133	121,284	176,424	89,316	98,544	145,814
Dividend disbursing agent fees	28,137	—	—	14,877	—	14,877
Shareholders' servicing agent fees and expenses	51,122	32,204	34,181	24,807	1,898	8,113
Interest expense and amortization of offering costs	1,407,134	941,207	1,021,569	2,339,628	557,740	1,074,558
Liquidity fees on VRDP shares	—	1,920,806	1,796,887	—	1,003,675	—
Custodian's fees and expenses	107,044	75,031	78,318	68,252	52,405	67,438
Directors'/Trustees' fees and expenses	16,879	13,087	13,286	11,443	8,670	11,728
Professional fees	98,460	100,532	280,977	128,541	134,507	38,252
Shareholders' reports – printing and mailing expenses	75,625	31,570	51,965	33,054	21,998	28,105
Stock exchange listing fees	10,045	7,285	7,638	22,284	2,038	2,795
Investor relations expense	31,237	21,113	22,199	15,503	12,347	16,471
Other expenses	41,184	25,741	27,532	29,617	21,208	22,300
Total expenses before custodian fee credit and expense reimbursement	5,955,994	6,064,156	6,364,485	5,248,498	3,726,453	4,038,070
Custodian fee credit	(7,489)	(8,743)	(7,524)	(9,085)	(6,071)	(8,700)
Expense reimbursement	—	—	—	—	(123,892)	(215,066)
Net expenses	5,948,505	6,055,413	6,356,961	5,239,413	3,596,490	3,814,304
Net investment income	29,939,692	20,435,924	20,229,387	18,410,122	14,531,807	20,424,117
Realized and Unrealized						

Gain(Loss)							
Net realized gain (loss) from investments	(1,764,004)	3,687,389	187,456	4,479,750	2,792,794	(1,476,912)	
Change in net unrealized appreciation (depreciation) of investments	(80,478,387)	(63,982,599)	(72,119,667)	(62,099,178)	(43,053,802)	(40,508,757)	
Net realized and unrealized gain (loss)	(82,242,391)	(60,295,210)	(71,932,211)	(57,619,428)	(40,261,008)	(41,985,669)	
Distributions to Auction Rate Preferred Shareholders							
From net investment income	(617,092)	—	—	(243,637)	—	(402,855)	
From accumulated net realized gains	(115,631)	—	—	—	—	(9,510)	
Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders	(732,723)	—	—	(243,637)	—	(412,365)	
Net increase (decrease) in net assets applicable to Common shares from operations	\$ (53,035,422)	\$ (39,859,286)	\$ (51,702,824)	\$ (39,452,943)	\$ (25,729,201)	\$ (21,973,917)	

See accompanying notes to financial statements.

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Statement of
Changes in Net Assets (Unaudited)

	Performance Plus (NPP)		Municipal Advantage (NMA)		Market Opportunity (NMO)	
	Six Months Ended 4/30/11	Year Ended 10/31/10	Six Months Ended 4/30/11	Year Ended 10/31/10	Six Months Ended 4/30/11	Year Ended 10/31/10
Operations						
Net investment income	\$ 29,939,692	\$ 61,961,159	\$ 20,435,924	\$ 43,865,457	\$ 20,229,387	\$ 45,415,957
Net realized gain (loss) from investments	(1,764,004)	5,333,340	3,687,389	2,499,059	187,456	7,021,125
Change in net unrealized appreciation (depreciation) of investments	(80,478,387)	36,406,331	(63,982,599)	29,929,503	(72,119,667)	18,357,610
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	(617,092)	(1,674,198)	—	(355,444)	—	(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	(53,035,422)	101,979,142	(39,859,286)	75,755,199	(51,702,824)	70,188,628
Distributions to Common Shareholders						
From net investment income	(28,613,787)	(55,177,839)	(21,522,544)	(42,290,819)	(22,385,381)	(43,873,378)
From accumulated net realized gains	(5,533,612)	(814,831)	—	(2,827,574)	—	—
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(34,147,399)	(55,992,670)	(21,522,544)	(45,118,393)	(22,385,381)	(43,873,378)
Capital Share Transactions						
Net proceeds from Common shares issued to	283,901	292,445	905,902	2,913,988	1,045,705	2,382,420

shareholders due to
reinvestment of
distributions

Net increase (decrease) in net assets applicable to Common shares from capital share transactions	283,901	292,445	905,902	2,913,988	1,045,705	2,382,420
Net increase (decrease) in net assets applicable to Common shares	(86,898,920)	46,278,917	(60,475,928)	33,550,794	(73,042,500)	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	\$ 829,252,709	\$ 916,151,629	\$ 581,888,031	\$ 642,363,959	\$ 574,974,086	\$ 648,016,586
Undistributed (Over-distribution of) net investment income at the end of period	\$ 17,262,981	\$ 16,554,168	\$ 9,157,952	\$ 10,244,572	\$ 7,838,360	\$ 9,994,354

See accompanying notes to financial statements.

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	Dividend Advantage (NAD)		Dividend Advantage 2 (NXZ)		Dividend Advantage 3 (NZF)	
	Six Months Ended 4/30/11	Year Ended 10/31/10	Six Months Ended 4/30/11	Year Ended 10/31/10	Six Months Ended 4/30/11	Year Ended 10/31/10
Operations						
Net investment income	\$ 18,410,122	\$ 39,281,244	\$ 14,531,807	\$ 30,012,369	\$ 20,424,117	\$ 43,023,730
Net realized gain (loss) from investments	4,479,750	1,079,125	2,792,794	1,450,091	(1,476,912)	786,636
Change in net unrealized appreciation (depreciation) of investments	(62,099,178)	27,410,233	(43,053,802)	6,351,263	(40,508,757)	20,450,314
Distributions to Auction Rate Preferred Shareholders:						
From net investment income	(243,637)	(724,675)	—	—	(402,855)	(880,640)
From accumulated net realized gains	—	—	—	—	(9,510)	(125,552)
Net increase (decrease) in net assets applicable to Common shares from operations	(39,452,943)	67,045,927	(25,729,201)	37,813,723	(21,973,917)	63,254,488
Distributions to Common Shareholders						
From net investment income	(17,918,790)	(35,752,124)	(14,141,332)	(28,615,006)	(19,872,502)	(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	(17,918,790)	(35,752,124)	(14,141,332)	(28,615,006)	(20,502,618)	(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
	63,949	66,815	59,744	312,251	64,704	137,143

Net increase (decrease) in net assets applicable to Common shares from capital share transactions						
Net increase (decrease) in net assets applicable to Common shares	(57,307,784)	31,360,618	(39,810,789)	9,510,968	(42,411,831)	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	\$ 519,586,984	\$ 576,894,768	\$ 394,953,626	\$ 434,764,415	\$ 553,001,113	\$ 595,412,944
Undistributed (Over-distribution of) net investment income at the end of period	\$ 10,751,430	\$ 10,503,735	\$ 5,961,835	\$ 5,571,360	\$ 10,185,779	\$ 10,037,019

See accompanying notes to financial statements.

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Statement of
Cash Flows
Six months ended April 30, 2011
(Unaudited)

	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	\$ (53,035,422)	\$ (39,859,286)	\$ (51,702,824)
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	(61,152,069)	(78,690,787)	(72,867,258)
Proceeds from sales and maturities of investments	83,859,031	94,773,516	53,454,071
Proceeds from (Purchases of) short-term investments, net	—	—	—
Amortization (Accretion) of premiums and discounts, net	(7,285,814)	(3,291,936)	(3,830,335)
(Increase) Decrease in:			
Receivable for dividends and interest	128,312	532,803	632,515
Receivable for investments sold	785,000	(10,112,134)	51,939,000
Other assets	(18,654)	(15,701)	(37,331)
Increase (Decrease) in:			
Payable for investments purchased	—	—	(11,733,982)
Payable for Auction Rate Preferred share dividends	(13,620)	—	—
Payable for interest	520,251	—	—
Accrued management fees	(75,685)	(54,243)	(63,614)
Accrued other liabilities	(132,790)	(128,071)	(117,298)
Net realized (gain) loss from investments	1,764,004	(3,687,389)	(187,456)
Change in net unrealized (appreciation) depreciation of investments	80,478,387	63,982,599	72,119,667
Taxes paid on undistributed capital gains	(373)	(181,644)	(4,366)
Net cash provided by (used in) operating activities	45,820,558	23,267,727	37,600,789
Cash Flows from Financing Activities:			
(Increase) Decrease in deferred offering costs	(1,673,393)	35,885	69,790
Increase (Decrease) in:			
Cash overdraft balance	—	—	(9,292,196)
Floating rate obligations	(1,500,000)	(7,906,650)	—
Payable for offering costs	249,154	(195)	—
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	(33,841,564)	(20,600,367)	(21,318,203)
	(34,965,803)	(28,471,327)	(30,540,609)

Net cash provided by (used in) financing activities

Net Increase (Decrease) in Cash	10,854,755	(5,203,600)	7,060,180
Cash at the beginning of period	3,301,519	6,787,016	—
Cash at the End of Period	\$ 14,156,274	\$ 1,583,416	\$ 7,060,180

Supplemental Disclosure of Cash Flow Information

Non-cash financing activities not included herein consist of reinvestments of Common share distributions of \$283,901, \$905,902 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)	\$ 780,276	\$ 905,517	\$ 951,779

See accompanying notes to financial statements.

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	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	\$ (39,452,943)	\$ (25,729,201)	\$ (21,973,917)
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	(81,244,089)	(89,709,257)	(78,303,221)
Proceeds from sales and maturities of investments	81,902,551	98,572,064	95,276,606
Proceeds from (Purchases of) short-term investments, net	—	—	(4,730,000)
Amortization (Accretion) of premiums and discounts, net	(4,053,088)	(2,020,307)	(753,293)
(Increase) Decrease in:			
Receivable for dividends and interest	(333,933)	285,773	190,088
Receivable for investments sold	19,377,157	(7,467,229)	198,134
Other assets	(21,004)	(14,141)	(24,678)
Increase (Decrease) in:			
Payable for investments purchased	(5,859,060)	—	—
Payable for Auction Rate Preferred share dividends	(2,150)	—	(1,187)
Payable for interest	—	—	163,333
Accrued management fees	(49,917)	(6,555)	(37,610)
Accrued other liabilities	(32,796)	(25,843)	(37,712)
Net realized (gain) loss from investments	(4,479,750)	(2,792,794)	1,476,912
Change in net unrealized (appreciation) depreciation of investments	62,099,178	43,053,802	40,508,757
Taxes paid on undistributed capital gains	(3,781)	(244)	—
Net cash provided by (used in) operating activities	27,846,375	14,146,068	31,952,212
Cash Flows from Financing Activities:			
(Increase) Decrease in deferred offering costs	237,867	36,493	(1,325,669)
Increase (Decrease) in:			
Cash overdraft balance	(1,211,715)	—	—
Floating rate obligations	—	(1,650)	(7,276,650)
Payable for offering costs	(53,021)	—	250,041
ARPS, at liquidation value	—	—	(68,550,000)
MTP shares, at liquidation value	—	—	70,000,000
VMTP shares, at liquidation value	—	—	—
Cash distributions paid to Common shareholders	(17,849,414)	(14,077,408)	(20,435,333)
Net cash provided by (used in) financing activities	(18,876,283)	(14,042,565)	(27,337,611)
Net Increase (Decrease) in Cash	8,970,092	103,503	4,614,601
Cash at the beginning of period	—	143,248	2,868,068
Cash at the End of Period	\$ 8,970,092	\$ 246,751	\$ 7,482,669

Supplemental Disclosure of Cash Flow Information

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)	\$ 2,088,261	\$ 521,247	\$ 808,223

See accompanying notes to financial statements.

Nuveen Investments 87

Financial
Highlights (Unaudited)

Selected data for a Common share outstanding throughout each period:

Beginning Common Share Net Asset Value	Investment Income	Investment Operations Distributions			Less Distributions			Discount from Common Shares Repur- chased and Retired	Ending Common Share Net Asset Value	Ending Market Value		
		Realized/ Unrealized Gain (Loss)	Auction Rate Preferred Share- holders(a)	Capital Gains Auction Rate Preferred Share- holders(a)	Net to Investment Common Share- holders	Capital to Common Share- holders						
Performance Plus (NPP)												
Year Ended 10/31:												
2011(f)	\$ 15.29	\$.50	\$ (1.38)	\$ (.01)	\$ —*	\$ (.89)	\$ (.48)	\$ (.09)	\$ (.57)	\$ —	\$ 13.83	\$ 13.33
2010	14.52	1.03	.70	(.03)	—*	1.70	(.92)	(.01)	(.93)	—	15.29	15.00
2009	12.69	1.03	1.65	(.06)	—	2.62	(.79)	—	(.79)	—	14.52	13.48
2008	15.22	1.02	(2.56)	(.29)	—	(1.83)	(.70)	—	(.70)	—	12.69	11.50
2007	15.78	.99	(.47)	(.27)	(.01)	.24	(.75)	(.05)	(.80)	—	15.22	13.59
2006	15.51	1.00	.38	(.25)	—	1.13	(.84)	(.02)	(.86)	—	15.78	15.09

Municipal Advantage (NMA)

Year Ended 10/31:												
2011(f)	14.79	.47	(1.38)	—	—	(.91)	(.50)	—	(.50)	—	13.38	12.99
2010	14.08	1.01	.76	(.01)	—*	1.76	(.98)	(.07)	(1.05)	—	14.79	14.92
2009	12.12	1.10	1.76	(.06)	—	2.80	(.84)	—	(.84)	—	14.08	13.41
2008	15.20	1.08	(3.06)	(.30)	(.01)	(2.29)	(.77)	(.02)	(.79)	—	12.12	11.41
2007	15.88	1.07	(.63)	(.29)	—	.15	(.83)	—	(.83)	—	15.20	13.95
2006	15.70	1.08	.27	(.26)	—	1.09	(.90)	(.01)	(.91)	—	15.88	15.85

Aggregate Outstanding (000)	ARPS at End of Period			VMTP Shares at End of Period			VRDP Shares at End of Period		
	Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share

Performance Plus (NPP)													
Year Ended 10/31:													
2011(f)	\$	—\$	—\$	—\$	421,700	\$	100,000	\$	296,645	\$	—\$	—\$	—
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	—	—	—	—	—	—	—	—	—	—
2006	479,000	25,000	74,333	—	—	—	—	—	—	—	—	—	—

Municipal Advantage (NMA)

Year Ended 10/31:

2011(f)	—	—	—	—	—	—	296,800	100,000	296,054
2010	—	—	—	—	—	—	296,800	100,000	316,430
2009	293,200	25,000	76,911	—	—	—	—	—	—
2008	341,650	25,000	63,314	—	—	—	—	—	—
2007	358,000	25,000	70,866	—	—	—	—	—	—
2006	358,000	25,000	72,743	—	—	—	—	—	—

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Ratios/Supplemental Data
Ratios to Average Net Assets
Applicable to Common Shares(c)(d)

Total Returns	Based on Common Share Net Asset Value(b)	Ending Net Assets Applicable to Common Shares (000)	Expenses Including Interest(e)	Expenses Excluding Interest	Net Investment Income	Portfolio Turnover Rate
(7.33)%	(5.76)% \$	829,253	1.45%**	1.13%**	7.27%**	5%
18.65	12.07	916,152	1.13	1.10	6.93	14
24.78	21.20	869,873	1.23	1.18	7.59	6
(10.71)	(12.49)	760,496	1.25	1.17	6.96	9
(4.97)	1.53	912,066	1.16	1.14	6.38	6
10.78	7.50	945,222	1.15	1.15	6.44	9
(9.60)	(6.13)	581,888	2.10**	1.79**	7.09**	8
19.58	12.90	642,364	1.66	1.46	7.04	16
25.70	23.89	608,813	1.31	1.22	8.51	9
(13.16)	(15.65)	523,602	1.38	1.21	7.50	13
(7.08)	1.06	656,806	1.40	1.17	6.87	10
10.68	7.16	683,675	1.18	1.18	6.92	11

- (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.
- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income 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, payments to VMTP shareholders, VRDP shareholders 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 MuniFund Term Preferred shares, Variable Rate Demand Preferred Shares and Inverse Floating Rate Securities, respectively.

- (f) For the six months ended April 30, 2011.
- * Rounds to less than \$.01 per share.
- ** Annualized.

See accompanying notes to financial statements.

Financial
Highlights (Unaudited) (continued)

Selected data for a Common share outstanding throughout each period:

Beginning Common Share Net Asset Value	Investment Income	Investment Operations Distributions				Less Distributions				Ending Common Share Net Asset Value	Ending Market Value
		Realized/ Unrealized Gain (Loss)	Auction Rate Share- holders(a)	Auction Rate Share- holders(a)	Net Income to	Capital Gains to	Net Income to	Capital Gains to	Discount from Common Shares Repur- chased and Retired		

Market Opportunity (NMO)												
Year Ended 10/31:												
2011(f)	\$ 14.17	\$.44	\$ (1.57)	\$ —	\$ —	\$ (1.13)	\$ (.49)	\$ —	\$ (.49)	\$ —	\$ 12.55	\$ 12.43
2010	13.59	.99	.56	(.01)	—	1.54	(.96)	—	(.96)	—	14.17	14.55
2009	12.23	1.10	1.13	(.06)	—	2.17	(.81)	—	(.81)	—	13.59	13.32
2008	14.83	1.03	(2.59)	(.31)	—	(1.87)	(.73)	—	(.73)	—	12.23	11.52
2007	15.41	1.04	(.56)	(.30)	—	.18	(.76)	—	(.76)	—	14.83	13.53
2006	15.14	1.02	.34	(.26)	—	1.10	(.83)	—	(.83)	—	15.41	15.00

Dividend Advantage (NAD)												
Year Ended 10/31:												
2011(f)	14.68	.47	(1.46)	(.01)	—	(1.00)	(.46)	—	(.46)	—	13.22	12.76
2010	13.89	1.00	.72	(.02)	—	1.70	(.91)	—	(.91)	—	14.68	14.40
2009	11.77	1.07	1.93	(.05)	—	2.95	(.83)	—	(.83)	—	13.89	12.89
2008	14.90	1.05	(3.14)	(.27)	—	(2.36)	(.77)	—	(.77)	—	11.77	10.72
2007	15.54	1.04	(.60)	(.27)	—	.17	(.81)	—	(.81)	—	14.90	13.63
2006	15.28	1.04	.32	(.24)	—	1.12	(.86)	—	(.86)	—	15.54	15.30

Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Market Value Per Share	Average Market Value Per Share	Asset Coverage Per Share	ARPS and MTP Shares at End of Period Asset Coverage	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share
Market Opportunity (NMO)											

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Year Ended 10/31:

2011(f) \$	\$	\$	\$	\$	\$	\$	\$	\$	\$	-\$350,900	\$ 100,000	\$ 263,857
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	—	—	—	—	—	—	—	—	—
2006	380,000	25,000	71,155	—	—	—	—	—	—	—	—	—

Dividend Advantage (NAD)

Year Ended 10/31:

2011(f)	120,075	25,000	74,134	144,300	10.00	10.01	10.02	29.65	2.97	—	—	—
2010	120,075	25,000	79,553	144,300	10.00	10.10	10.10^	31.82	3.18	—	—	—
2009	261,800	25,000	77,095	—	—	—	—	—	—	—	—	—
2008	266,800	25,000	68,343	—	—	—	—	—	—	—	—	—
2007	295,000	25,000	74,618	—	—	—	—	—	—	—	—	—
2006	295,000	25,000	76,722	—	—	—	—	—	—	—	—	—

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Total Returns		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)			
Based on Market Value(b)	Based on Common Share Net Asset Value(b)	Ending Net Assets Applicable to Common Shares (000)	Expenses Including Interest(e)	Expenses Excluding Interest	Net Investment Income	Expenses Including Interest(e)	Expenses Excluding Interest	Net Investment Income	Portfolio Turnover Rate
(11.20)%	(7.94)%	\$ 574,974	2.22%*	1.89%*	7.04%*	N/A	N/A	N/A	6%
17.03	11.71	648,017	1.70	1.50	7.17	N/A	N/A	N/A	26
23.67	18.30	619,319	1.32	1.25	8.58	N/A	N/A	N/A	10
(9.87)	(13.07)	557,346	1.36	1.23	7.33	N/A	N/A	N/A	8
(5.00)	1.20	675,577	1.38	1.19	6.87	N/A	N/A	N/A	5
11.92	7.49	701,559	1.19	1.19	6.73	N/A	N/A	N/A	14
(8.20)	(6.81)	519,587	2.02*	1.22*	7.09*	2.02%*	1.22%*	7.09%*	10
19.17	12.60	576,895	1.61	1.13	6.99	1.61	1.13	6.99	8
28.86	25.78	545,534	1.26	1.17	8.38	1.21	1.12	8.43	9
(16.46)	(16.42)	462,554	1.36	1.15	7.33	1.22	1.02	7.46	11
(5.96)	1.10	585,496	1.24	1.13	6.60	1.03	.92	6.81	11
11.19	7.59	610,316	1.12	1.12	6.54	.85	.85	6.81	8

(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.

(c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to ARPS, MTP 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.

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- (e) The expense ratios reflect, among other things, payments to MTP shareholders, VRDP shareholders 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 Demand Preferred Shares and Inverse Floating Rate Securities, respectively.
- (f) For the six months ended April 30, 2011.
- ^ For the period March 16, 2010 (issuance date of shares) through October 31, 2010.
- N/A Fund does not have a contractual reimbursement agreement with the Adviser.
- * Annualized.

See accompanying notes to financial statements.

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Financial
Highlights (Unaudited) (continued)

Selected data for a Common share outstanding throughout each period:

Beginning Common Share Net Asset Value	Investment Income	Investment Operations Distributions				Less Distributions				Ending Common Share Net Asset Value	Ending Market Value	
		Realized/ Unrealized Gain (Loss)	Preferred Share- holders (a)	Auction Rate Preferred Share- holders (a)	Net from Investment Income to Auction Rate Preferred Share- holders (a)	Net from Capital Gains to Auction Rate Preferred Share- holders (a)	Net from Investment Income to Common Share- holders	Capital Gains to Common Share- holders	Discount from Common Share Repur- chased and Retired			
Dividend Advantage 2 (NXZ)												
Year Ended 10/31:												
2011(f)	\$ 14.76	\$.49	\$ (1.36)	\$ —	\$ —	\$ (.87)	\$ (.48)	\$ —	\$ (.48)	\$ —	\$ 13.41	\$ 12.93
2010	14.45	1.02	.26	—	—	1.28	(.97)	—	(.97)	—	14.76	14.67
2009	12.71	1.04	1.59	—	—	2.63	(.89)	—	(.89)	—	14.45	14.14
2008	15.55	1.05	(2.81)	(.20)	—	(1.96)	(.88)	—	(.88)	—	12.71	12.35
2007	16.02	1.13	(.43)	(.27)	—	.43	(.90)	—	(.90)	—	15.55	15.48
2006	15.80	1.12	.32	(.24)	—	1.20	(.98)	—	(.98)	—	16.02	16.50

Dividend Advantage 3 (NZF)

Year Ended 10/31:

2011(f)	14.74	.51	(1.04)	(.01)	—*	(.54)	(.49)	(.02)	(.51)	—	13.69	13.20
2010	14.19	1.06	.52	(.02)	—*	1.56	(.95)	(.06)	(1.01)	—	14.74	14.58
2009	12.10	1.08	1.91	(.05)	—	2.94	(.85)	—	(.85)	—	14.19	13.38
2008	15.03	1.06	(2.95)	(.27)	—	(2.16)	(.77)	—	(.77)	—	12.10	10.72
2007	15.54	1.07	(.44)	(.27)	(.01)	.35	(.84)	(.02)	(.86)	—	15.03	13.85
2006	15.32	1.07	.29	(.24)	—	1.12	(.90)	—	(.90)	—	15.54	15.88

Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Ending Market Value Per Share	Average Market Value Per Share	Asset Coverage Per Share	ARPS and MTP Shares at End of Period Asset Coverage Per Share	Aggregate Amount Outstanding (000)	Liquidation Value Per Share	Asset Coverage Per Share
Dividend Advantage 2 (NXZ)											

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Year Ended 10/31:

2011(f) \$	\$	\$	\$	\$	\$	\$	\$	\$	\$	-\$196,000	\$ 100,000	\$ 301,507
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	—	—	—	—	—	—	—	—	—
2006	222,000	25,000	77,949	—	—	—	—	—	—	—	—	—

Dividend Advantage 3 (NZF)

Year Ended 10/31:

2011(f)	168,400	25,000	82,991	70,000	10.00	10.02	9.99^	33.20	3.32	—	—	—
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	—	—	—	—	—	—	—	—	—
2006	312,000	25,000	75,227	—	—	—	—	—	—	—	—	—

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Total Returns		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)			
Based on Market Value(b)	Based on Common Share Net Asset Value(b)	Ending Net Assets Applicable to Common Shares (000)	Expenses Including Interest(e)	Expenses Excluding Interest	Net Investment Income	Expenses Including Interest(e)	Expenses Excluding Interest	Net Investment Income	Portfolio Turnover Rate
(8.62)%	(5.88)%	\$ 394,954	1.88%**	1.61%**	7.25%**	1.81%**	1.55%**	7.31%**	15%
10.89	9.12	434,764	1.79	1.57	6.85	1.68	1.47	6.95	5
22.63	21.41	425,253	1.91	1.47	7.59	1.73	1.29	7.77	2
(15.21)	(13.23)	373,940	1.71	1.22	6.82	1.45	.96	7.08	10
(.78)	2.76	456,992	1.25	1.11	6.83	.93	.79	7.16	5
11.95	7.86	470,189	1.11	1.11	6.70	.72	.72	7.09	5
(5.95)	(3.63)	553,001	1.47**	1.12**	7.35**	1.39**	1.04**	7.43**	9
17.04	11.41	595,413	1.17	1.08	7.21	1.02	.93	7.36	7
33.89	25.08	573,088	1.26	1.15	7.98	1.04	.92	8.20	2
(17.85)	(14.99)	488,561	1.34	1.15	7.08	1.04	.85	7.37	7
(7.72)	2.31	606,908	1.32	1.13	6.65	.94	.76	7.02	14
16.90	7.57	626,836	1.13	1.13	6.51	.68	.68	6.96	9

(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.

(c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders, where applicable; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to ARPS, MTP 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.

(e)

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The expense ratios reflect, among other things, payments to MTP shareholders, VRDP shareholders 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 Demand Preferred Shares and Inverse Floating Rate Securities, respectively.

(f) For the six months ended April 30, 2011.

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

** Annualized.

^ For the period December 20, 2010 (issuance date of shares) through April 30, 2011.

See accompanying notes to financial statements.

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Notes to
Financial Statements (Unaudited)

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) (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. 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.

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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 April 30, 2011, there were no such outstanding purchase commitments in any of the Funds.

Investment Income

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"). The following Funds have issued and outstanding ARPS, \$25,000 stated value per share, which approximates market value, as a means of effecting financial leverage. Each Fund's ARPS are issued in more than one Series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. As of April 30, 2011, the number of ARPS outstanding, by Series and in total, for each Fund is as follows:

	Dividend Advantage (NAD)	Dividend Advantage 3 (NZF)
Number of shares:		
Series M	1,628	—
Series T	1,628	—
Series W	—	2,246
Series TH	1,547	2,245
Series F	—	2,245
Total	4,803	6,736

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 ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. ARPS shareholders unable to sell their shares received distributions at the “maximum rate” applicable to failed auctions as

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Financial Statements (Unaudited) (continued)

calculated in accordance with the pre-established terms of the ARPS. As of April 30, 2011, the aggregate amount of outstanding ARPS redeemed by each Fund is 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	\$ 174,925,000	\$ 222,000,000	\$ 143,600,000

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 Directors/Trustees breached their fiduciary duties related to the redemption at par of their ARPS had been filed on behalf of shareholders of Dividend Advantage (NAD), Dividend Advantage 2 (NXZ) and Dividend Advantage 3 (NZF), against the Adviser, the Nuveen holding company, the majority owner of the holding company, the lone interested trustee, and current and former officers of Dividend Advantage (NAD), Dividend Advantage 2 (NXZ) and Dividend Advantage 3 (NZF). Nuveen and the other named defendants believe these lawsuits to be without merit, and all named parties intend to defend themselves vigorously. Dividend Advantage (NAD), Dividend Advantage 2 (NXZ) and Dividend Advantage 3 (NZF) believe that these lawsuits will not have a material effect on them or on the Adviser's ability to serve as investment adviser to them.

MuniFund Term Preferred Shares

The following Funds have issued and outstanding MuniFund Term Preferred ("MTP") Shares, with a \$10 stated 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, 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 April 30, 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 are 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 also are subject to redemption, at the option of each Fund, at par

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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 all series of MTP Shares outstanding for each Fund during the six months ended April 30, 2011, was as follows:

	Dividend Advantage (NAD)	Dividend Advantage 3 (NZF)*
Average liquidation value of MTP Shares outstanding	\$ 144,300,000	\$ 69,696,970

* For the period December 20, 2010 (issuance date of shares) through April 30, 2011.

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.

Variable Rate MuniFund Term Preferred Shares

Performance Plus (NPP) has issued and outstanding \$421,700,000 Series 2014 Variable Rate MuniFund Term Preferred (“VMTP”) Shares, with \$100,000 liquidation value per share. Performance Plus (NPP) issued its VMTP Shares in a privately negotiated offering in February 2011. Proceeds from the issuance of VMTP Shares, net of offering expenses, were used to redeem all of the Fund’s outstanding ARPS. The VMTP Shares were offered to qualified institutional buyers pursuant to Rule 144A under the Securities Act of 1933.

The Fund is obligated to redeem its VMTP Shares on March 1, 2014, 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 the Fund, subject to payment of a premium until February 29, 2012, and at par thereafter. The 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.

Dividends on MTP 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.

The average liquidation value outstanding and average annualized dividend rate of VMTP Shares for the Fund during the period February 24, 2011 (issuance date of shares) through April 30, 2011 were \$421,700,000 and 1.50%, respectively.

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 April 30, 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.

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The average liquidation value outstanding and annualized dividend rate of VRDP Shares for each Fund during the six months ended April 30, 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		0.47%		0.47%		0.44%

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, which is recognized as “Liquidity 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, 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.

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During the six months ended April 30, 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 April 30, 2011, each Fund’s maximum exposure to externally-deposited Recourse Trusts is 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	\$ 5,250,000	\$ —

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The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the six months ended April 30, 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	\$ 41,685,221	\$ 64,814,024	\$ 43,530,000	\$ 51,605,000	\$ 26,660,000	\$ 66,668,464
Average annual interest rate and fees	0.75%	0.67%	0.62%	0.55%	0.71%	0.71%

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 six months ended April 30, 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.

Offering Costs

Costs incurred by Performance Plus (NPP) in connection with its offering of VMTP Shares (\$1,780,000) were recorded as a deferred charge and will be 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

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of VRDP Shares (\$2,134,000, \$4,214,000 and \$2,270,000, respectively), were recorded as deferred charges and will be amortized over the life of the shares. 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 and will be 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.

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Financial Statements (Unaudited) (continued)

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 of 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 each Fund's fair value measurements as of April 30, 2011:

Performance Plus (NPP)		Level 1	Level 2	Level 3	Total
Investments:					
Municipal Bonds	\$	—\$	1,263,296,465	\$ —\$	1,263,296,465
Municipal Advantage (NMA)		Level 1	Level 2	Level 3	Total
Investments:					
Municipal Bonds	\$	—\$	912,124,688	\$ 75,150	\$ 912,199,838
Market Opportunity (NMO)		Level 1	Level 2	Level 3	Total
Investments:					
Municipal Bonds	\$	—\$	937,587,364	\$ —\$	937,587,364
Dividend Advantage (NAD)		Level 1	Level 2	Level 3	Total
Investments:					
Municipal Bonds	\$	—\$	814,436,376	\$ 75,150	\$ 814,511,526
Investment Companies		513,259	—	—	513,259
Total	\$	513,259	\$ 814,436,376	\$ 75,150	\$ 815,024,785
Dividend Advantage 2 (NXZ)		Level 1	Level 2	Level 3	Total
Investments:					

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Municipal Bonds	\$	—	\$ 591,162,570	\$	—	\$ 591,162,570
Dividend Advantage 3 (NZF)		Level 1	Level 2	Level 3		Total
Investments:						
Municipal Bonds	\$	—	\$ 823,991,512	\$ 180,360	\$	824,171,872
Investment Companies		3,231,277	—	—		3,231,277
Short-Term Investments		—	4,730,000	—		4,730,000
Total	\$	3,231,277	\$ 828,721,512	\$ 180,360	\$	832,133,149

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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 period	\$ 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)	(133,025)	(9,711)	(748,519)	10,152
Purchases at cost	—	—	—	—
Sales at proceeds	—	—	—	—
Net discounts (premiums)	—	—	49	—
Transfers in to	—	—	—	—
Transfers out of	(261,099)	—	(1,584,780)	—
Balance at the end of period	\$ 75,150	\$ 75,150	\$ —	\$ 180,360
Net change in unrealized appreciation (depreciation) during the period of Level 3 securities held as of April 30, 2011	\$ (9,711)	\$ (9,711)	\$ —	\$ 10,152

During the six months ended April 30, 2011, the Funds recognized no significant transfers to/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 six months ended April 30, 2011.

4. Fund Shares

Common Shares

Since the inception of the Fund's repurchase program, 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)	
	Six Months Ended	Year Ended	Six Months Ended	Year Ended	Six Months Ended	Year Ended
	4/30/11	10/31/10	4/30/11	10/31/10	4/30/11	10/31/10
Common shares issued to shareholders due to reinvestment of distributions	19,498	18,891	64,969	202,701	80,513	170,873

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	Dividend Advantage (NAD)		Dividend Advantage 2 (NXZ)		Dividend Advantage 3 (NZF)	
	Six Months	Year	Six Months	Year	Six Months	Year
	Ended 4/30/11	Ended 10/31/10	Ended 4/30/11	Ended 10/31/10	Ended 4/30/11	Ended 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

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Notes to
Financial Statements (Unaudited) (continued)

Preferred Shares

Transactions in ARPS were as follows:

	Performance Plus (NPP)				Municipal Advantage (NMA)			
	Six Months		Year		Six Months		Year	
	Ended		Ended		Ended		Ended	
	4/30/11		10/31/10		4/30/11		10/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series M	3,507	\$ 87,675,000	—	\$ —	—	\$ —	2,457	\$ 61,425,000
Series T	3,506	87,650,000	—	—	—	—	2,457	61,425,000
Series W	3,505	87,625,000	—	—	—	—	2,456	61,400,000
Series TH	2,770	69,250,000	—	—	—	—	1,901	47,525,000
Series F	3,508	87,700,000	—	—	—	—	2,457	61,425,000
Total	16,796	\$ 419,900,000	—	\$ —	—	\$ —	11,728	\$ 293,200,000

	Market Opportunity (NMO)				Dividend Advantage (NAD)			
	Six Months		Year		Six Months		Year	
	Ended		Ended		Ended		Ended	
	4/30/11		10/31/10		4/30/11		10/31/10	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
ARPS redeemed:								
Series M	—	\$ —	3,649	\$ 91,225,000	—	\$ —	1,922	\$ 48,050,000
Series T	—	—	3,648	91,200,000	—	—	1,921	48,025,000
Series W	—	—	2,920	73,000,000	—	—	—	—
Series TH	—	—	—	—	—	—	1,826	45,650,000
Series F	—	—	3,650	91,250,000	—	—	—	—
Total	—	\$ —	13,867	\$ 346,675,000	—	\$ —	5,669	\$ 141,725,000

	Dividend Advantage 3 (NZF)			
	Six Months		Year	
	Ended		Ended	
	4/30/11		10/31/10	
	Shares	Amount	Shares	Amount
ARPS redeemed:				
Series W	913	\$ 22,825,000	—	\$ —
Series TH	914	22,850,000	—	—
Series F	915	22,875,000	—	—
Total	2,742	\$ 68,550,000	—	\$ —

Transactions in MTP Shares were as follows:

	Dividend Advantage (NAD)		Dividend Advantage 3 (NZF)	
	Six Months	Year	Six Months	Year
	Ended	Ended	Ended	Ended

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	4/30/11		10/31/10		4/30/11		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	—\$	—

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Transactions in VMTP Shares were as follows:

	Performance Plus (NPP)			
	Six Months Ended 4/30/11		Year Ended 10/31/10	
	Shares	Amount	Shares	Amount
VMTP Shares issued:				
Series 2014	4,217	\$ 421,700,000	—	\$ —

Transactions in VRDP Shares were as follows:

	Municipal Advantage (NMA)				Market Opportunity (NMO)			
	Six Months Ended 4/30/11		Year Ended 10/31/10		Six Months Ended 4/30/11		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 six months ended April 30, 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	\$ 61,152,069	\$ 78,690,787	\$ 72,867,258	\$ 81,244,089	\$ 89,709,257	\$ 78,303,221
Sales and maturities	83,859,031	94,773,516	53,454,071	81,902,551	98,572,064	95,276,606

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 April 30, 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)
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Cost of investments	\$1,245,339,730	\$894,038,957	\$960,904,206	\$804,357,926	\$595,281,638	\$800,950,023
Gross unrealized:						
Appreciation	\$45,100,548	\$23,152,833	\$19,779,376	\$25,270,634	\$16,007,937	\$17,609,234
Depreciation	(67,963,829)	(64,779,805)	(86,626,560)	(66,209,355)	(46,794,161)	(47,506,235)
Net unrealized appreciation (depreciation) of investments	\$(22,863,281)	\$(41,626,972)	\$(66,847,184)	\$(40,938,721)	\$(30,786,224)	\$(29,897,001)

Permanent differences, primarily due to federal taxes paid, taxable market discount and distribution character reclassifications, resulted in reclassifications among the Funds' components of Common share net assets at October 31, 2010, the Funds' last 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	\$(14,354)	\$(44,077)	\$(82,335)	\$(319,910)	\$(710,096)	\$—
Undistributed (Over-distribution of) net investment income	(295,300)	40,235	(118,648)	318,426	635,555	(3,071)
Accumulated net realized gain (loss)	309,654	3,842	200,983	1,484	74,541	3,071

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Notes to
Financial Statements (Unaudited) (continued)

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at October 31, 2010, the Funds' last 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 *	\$ 19,969,255	\$ 11,572,786	\$ 12,834,483	\$ 11,751,685	\$ 7,112,008	\$ 13,088,050
Undistributed net ordinary income **	496,191	403,062	28,857	25,093	486	—
Undistributed net long-term capital gains	5,536,530	3,489,441	—	—	—	640,607

* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on October 1, 2010, paid on November 1, 2010.

** 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' last tax year ended October 31, 2010, was designated for purposes of the dividends paid deduction as follows:

	Performance Plus (NPP)	Municipal Advantage (NMA)	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)	Dividend Advantage 3 (NZF)
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.

At October 31, 2010, the Funds' last 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:

Expiration:	Market Opportunity (NMO)	Dividend Advantage (NAD)	Dividend Advantage 2 (NXZ)
October 31, 2011	\$ —	\$ 3,513,691	\$ —
October 31, 2013	—	104,762	—
October 31, 2014	1,437,187	—	—
October 31, 2015	1,902,879	—	862,140
October 31, 2016	1,398,166	—	—
October 31, 2017	—	424,278	—

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Total \$ 4,738,232 \$ 4,042,731 \$ 862,140

During Funds' last tax year ended October 31, 2010, the following Funds utilized capital loss carryforwards as follows:

	Market Opportunity (NMO)	Dividend Advantage (NAD	Dividend Advantage 2 (NXZ)
Utilized capital loss carryforwards	\$ 6,894,937	\$ 1,080,609	\$ 1,524,632

7. Management Fees and Other Transactions with Affiliates

Each Fund's management fee is separated into two components — a fund-level fee, based only on the amount of assets within each individual Fund, and a complex-level fee, based on the aggregate amount of all fund assets managed by the Adviser. This pricing structure enables each Fund's 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.

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

	Performance Plus (NPP) Municipal Advantage (NMA) Market Opportunity (NMO) Fund-Level Fee Rate
Average Daily Managed Assets*	
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) Fund-Level Fee Rate
Average Daily Managed Assets*	
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

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

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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 April 30, 2011, the complex-level fee rate for these Funds was .1785%.

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.

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Financial Statements (Unaudited) (continued)

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,	
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.

8. New Accounting Pronouncement

Fair Value Measurements and Disclosures

On May 12, 2011, the Financial Accounting Standards Board ("FASB") issued an Accounting Standard Update ("ASU") 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 by the FASB and IASB is convergence of their guidance on fair value measurements and disclosures. Specifically, the ASU requires reporting entities to disclose i) the amounts of any transfers between Level 1 and Level 2, and the reasons for the transfers, 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 the ASU 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.

9. Subsequent Events

Regulatory Matters

Subsequent to the reporting period, Nuveen Securities, LLC (“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.

Distributions to Shareholders

During May 2011, Municipal Advantage (NMA) declared a capital gains distribution, which was paid on July 1, 2011, to shareholders of record on June 15, 2011, as follows:

	Municipal Advantage (NMA)
Capital gains distribution per share	\$0.0783

Board Approval of Sub-Advisory
Arrangements (Unaudited)

At a meeting held on May 25-26, 2010 (the “May Meeting”), the Boards of Trustees or Directors (as the case may be) (each, a “Board” and each Trustee or Director, a “Board Member”) of the Funds, including a majority of the Board Members who are not parties to the advisory agreements or “interested persons” of any parties (the “Independent Board Members”), considered and approved the advisory agreements (each, an “Advisory Agreement”) between each Fund and Nuveen Asset Management (the “Adviser”). Since the May Meeting, Nuveen has engaged in an internal restructuring (the “Restructuring”) pursuant to which the portfolio management services provided by the Adviser to the Funds were transferred to Nuveen Asset Management, LLC (“NAM LLC”), a newly-organized wholly-owned subsidiary of the Adviser and the Adviser changed its name to Nuveen Fund Advisors, Inc. (“NFA”). The Adviser, under its new name NFA, continues to serve as investment adviser to the Funds and, in that capacity, will continue to provide various oversight, administrative, compliance and other services. To effectuate the foregoing, NFA entered into sub-advisory agreements with NAM LLC on behalf of the Funds (each, a “Sub-Advisory Agreement”). Under each Sub-Advisory Agreement, NAM LLC, subject to the oversight of NFA and the Board, will furnish an investment program, make investment decisions for, and place all orders for the purchase and sale of securities for the portion of the respective Fund’s investment portfolio allocated to it by NFA. There have been no changes to the advisory fees paid by the Funds; rather, NFA will pay a portion of the investment advisory fee it receives to NAM LLC for its sub-advisory services. The Independent Board Members reviewed the allocation of fees between NFA and NAM LLC. NFA and NAM LLC do not anticipate any reduction in the nature or level of services provided to the Funds following the Restructuring. The personnel of NFA who engaged in portfolio management activities prior to the spinoff of NAM LLC are not expected to materially change as a result of the spinoff. In light of the foregoing, at a meeting held on November 16-18, 2010, the Board Members, including a majority of the Independent Board Members, approved the Sub-Advisory Agreements on behalf of the Funds. Given that the Restructuring was not expected to reduce the level or nature of services provided and the advisory fees paid by the Funds were the same, the factors considered and determinations made at the May Meeting in approving the Advisory Agreements were equally applicable to the approval of the Sub-Advisory Agreements. For a discussion of these considerations, please see the shareholder report of the Funds that was first issued after the May Meeting for the period including May 2010.

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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

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.

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.

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.

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.

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): A Fund's NAV per common share is calculated by subtracting the liabilities of the Fund (including any Preferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of common shares outstanding. Fund NAVs are calculated at the end of each business day.

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.

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.

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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
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333 West Wacker Drive
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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	—	—
NXZ	—	—
NZF	—	2,742

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

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ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable to this filing.

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.

Not applicable to this filing.

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

Not applicable to this filing.

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 of Directors or Trustees 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

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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.

- (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 to this filing.
- (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: See 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: See Ex-99.906 CERT attached hereto.
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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: July 8, 2011

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: July 8, 2011

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

Date: July 8, 2011