

NUVEEN DIVIDEND ADVANTAGE MUNICIPAL INCOME FUND  
Form N-CSR  
January 06, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF  
REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-09475

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

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

Kevin J. McCarthy  
Nuveen Investments  
333 West Wacker Drive  
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(Name and address of agent for service)

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

Date of fiscal year end: October 31

Date of reporting period: October 31, 2013

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

ITEM 1. REPORTS TO STOCKHOLDERS.

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Chairman's Letter to Shareholders

Dear Shareholders,

I am pleased to have this opportunity to introduce myself to you as the new independent chairman of the Nuveen Fund Board, effective July 1, 2013. I am honored to have been selected as chairman, with its primary responsibility to serve the interests of the Nuveen Fund shareholders. My predecessor, Robert Bremner, was the first independent director to serve as chairman of the Board and I, and my fellow Board members, plan to continue his legacy of strong independent oversight of your funds.

The global economy has hit major turning points over the last several months to a year. The developed world is gradually recovering from their financial crisis while the emerging markets appear to be struggling with the downshift of China's growth potential. Japan is entering a new era of growth after decades of economic stagnation and many of the Eurozone nations appear to be exiting their recession. Despite the positive events, there are still potential risks. Middle East tensions, rising oil prices, defaults in Europe and fallout from the financial stress in emerging markets could all reverse the recent progress in the global economy.

On the domestic front, recent events such as the Federal Reserve decision to slow down its bond buying program beginning in January of 2014 and the federal budget compromise that would guide government spending into 2015 are both positives for the economy moving forward. Corporate fundamentals are strong as earnings per share and corporate cash are at the highest level in two decades. Unemployment is trending down and the housing market has experienced a rebound, each assisting the positive economic scenario. However, there are some issues to be watched. Interest rates are expected to increase but significant uncertainty about the timing remains. Partisan politics in Washington D.C. with their troublesome outcome add to the uncertainties that could cause problems for the economy going forward.

In the near term, governments are focused on economic recovery and the growth of their economies, which could lead to an environment of attractive investment opportunities. Over the long term, the uncertainties mentioned earlier could hinder the potential growth. Because of this, Nuveen's investment management teams work hard to balance return and risk with a range of investment strategies. I encourage you to read the following commentary on the management of your fund.

On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

William J. Schneider  
Chairman of the Nuveen Fund Board  
December 23, 2013

Portfolio Managers' Comments

Nuveen Quality Municipal Fund, Inc. (NQI)  
 Nuveen Municipal Opportunity Fund, Inc. (NIO)  
 Nuveen Dividend Advantage Municipal Income Fund (NVG)  
 Nuveen AMT-Free Municipal Income Fund (NEA)

These Funds feature management by Nuveen Asset Management, LLC, an affiliate of Nuveen Investments. Portfolio managers Paul L. Brennan, CFA, and Douglas J. White, CFA, review U.S. economic and municipal market conditions, key investment strategies and the twelve-month performance of these four national Funds. Paul has managed NIO, NVG and NEA since 2006, and Douglas assumed portfolio management responsibility for NQI in 2011.

FUND REORGANIZATIONS

Effective before the opening of business on May 6, 2013, certain Funds (the Acquired Funds) were reorganized into one, larger Fund included in this report (the Acquiring Fund) as follows:

Acquired Funds	Symbol	Acquiring Fund	Symbol
Nuveen Premier Municipal Opportunity Fund, Inc.	NIF	Nuveen AMT-Free Municipal Income Fund	NEA
Nuveen Premium Income Municipal Opportunity Fund	NPX		

See Notes to Financial Statements, Note 1 – General Information and Significant Accounting Policies, Fund Reorganizations for further information.

What factors affected the U.S. economy and the national municipal market during the twelve-month reporting period ended October 31, 2013?

During this reporting period, the U.S. economy's progress toward recovery from recession continued at a moderate pace. The Federal Reserve (Fed) maintained its efforts to improve the overall economic environment by holding the benchmark fed funds rate at the record low level of zero to 0.25% that it established in December 2008. The Fed also continued its monthly purchases of \$40 billion of mortgage-backed securities and \$45 billion of longer-term Treasury securities in an open-ended effort to bolster growth and promote progress toward the Fed's mandates of maximum employment and price stability. At its June 2013 meeting, the Fed indicated that it believed downside risks to the economy had diminished since the autumn of 2012. Subsequent comments by Fed Chairman Ben Bernanke suggested that the Fed might begin to reduce, or taper, its asset purchase program later in 2013. However, in September 2013, the

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Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements, and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's (S&P), Moody's Investors Service (Moody's), Inc. or Fitch, Inc. (Fitch). Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Certain bonds backed by U.S. government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

Portfolio Managers' Comments (continued)

Fed surprised the market by announcing that it had decided to wait for more evidence that the progress it discerned in June was sustainable before it made any adjustments to the pace of the purchase program. At its October 2013 meeting, the central bank reiterated this decision and said that it expected to continue its "highly accommodative stance of monetary policy" for "a considerable time" after the purchase program ends and the economic recovery strengthens. Finally, in December of 2013, the Fed announced a decision to slow down its bond buying program beginning in January of 2014.

In the third quarter of 2013, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at an annualized rate of 2.8%, up from 2.5% for the second quarter of 2013, continuing the pattern of positive economic growth for the tenth consecutive quarter. The Consumer Price Index (CPI) rose 1.0% year-over-year as of October 2013, while the core CPI (which excludes food and energy) increased 1.7% during the same period, staying within the Fed's unofficial objective of 2.0% or lower for this inflation measure. Improvements in the labor markets continued to be slow, and unemployment remained above the Fed's target of 6.5%. As of October 2013, the national unemployment rate was 7.3%, up from 7.2% in September 2013 but below the 7.9% reported in October 2012. The slight uptick in October's number reflected the increase in federal employees furloughed due to the government shutdown that month. The housing market continued to deliver good news, as the average home price in the S&P/Case-Shiller index of 20 major metropolitan areas rose 13.3% for the twelve months ended September 2013 (most recent data available at the time this report was prepared), the largest twelve-month percentage gain for the index since February 2006.

Early in this reporting period, the outlook for the U.S. economy was clouded by uncertainty about global financial markets and the outcome of the "fiscal cliff." The tax consequences of the fiscal cliff situation were averted through a last-minute deal that raised payroll taxes, but left in place a number of tax breaks, including tax exemptions on municipal bond interest. However, lawmakers failed to reach a resolution on \$1.2 trillion in spending cuts intended to address the federal budget deficit. This triggered a program of automatic spending cuts (or sequestration) that impacted federal programs beginning March 1, 2013. Although Congress later passed legislation that established federal funding levels for the remainder of fiscal 2013, the federal budget for fiscal 2014 continued to be debated. On October 1, 2013, the start date for fiscal 2014, the federal government shut down for 16 days until an interim appropriations bill was signed into law, funding the government at sequestration levels through January 15, 2014, and suspending the debt limit until February 7, 2014. Subsequent to the close of this reporting period, Congress preliminarily passed a federal budget deal that would guide government spending into 2015 and defuse the chances of another shutdown if it wins final passage. In addition to the ongoing political debate over federal spending, Chairman Bernanke's June 2013 remarks about tapering the Fed's asset purchase program touched off widespread uncertainty about the next step for the Fed's quantitative easing program and about the potential impact on the economy and financial markets, leading to increased market volatility. This was compounded by headline credit stories involving Detroit's bankruptcy filing in July 2013, the largest municipal bankruptcy in history, and the disappointing news that continued to come out of Puerto Rico, where a struggling economy and years of deficit spending and borrowing resulted in downgrades on the commonwealth's bonds.

While municipal bond prices generally rallied during the first part of this reporting period, as strong demand and tight supply created favorable municipal market conditions, we saw the environment shift during the second half of the reporting period. The Treasury market traded off, the municipal market followed suit, and spreads widened as investor



concern grew. This unsettled environment prompted increased selling by bondholders across the fixed income markets. Following the Fed's September decision to delay tapering, we saw some stabilization of municipal bond fund flows and an October rally in municipal bond prices. However, for the reporting period as a whole, municipal bond prices generally declined, especially at the longer end of the maturity spectrum, while interest rates rose. At the same time, fundamentals on municipal bonds remained strong, as state governments made good progress in dealing with budget issues. Due to strong growth in personal tax collections, state tax revenues have increased for 15 consecutive quarters, while on the expense side, the states made headway in cutting and controlling costs, with more than 40 states implementing some type of pension reform. The current level of municipal issuance reflects the present political distaste for additional borrowing by state and local governments facing fiscal constraints and the prevalent atmosphere of municipal budget austerity. Over the twelve months ended October 31, 2013, municipal bond issuance nationwide totaled \$335.2 billion, a decrease of 11.7% from the issuance for the twelve-month period ended October 31, 2012.

What key strategies were used to manage these Funds during the twelve-month reporting period ended October 31, 2013?

As the municipal market environment shifted during this reporting period, from one characterized by heavy bond calls, tight supply and lower yields to one marked by increased market volatility and rising rates, we continued to take a bottom-up approach to discovering sectors that appeared undervalued as well as individual credits that had the potential to perform well over the long term.

During this reporting period, NIO, NVG and NEA found value in diversified areas of the market, including health care, transportation, water and sewer and tobacco. A number of new health care issues that we considered attractively priced enabled us to add to the Funds' exposure. We also purchased a variety of bonds issued for tollroads in some of the Funds, including issues in Virginia, Illinois, Florida, Ohio and the Grand Parkway in Houston, Texas, which, when completed, will be the longest beltway in the U.S., at 184 miles. Also in the transportation sector, heavy supply of airport bonds in both the primary and secondary markets provided opportunities to add to our holdings there, such as airports in Dallas/Fort Worth, Miami, Denver and San Francisco. In addition, we added water and sewer bonds, including a new issue of Lehigh County Authority (Pennsylvania) water bonds. In anticipation of bond calls affecting our holdings of Louisiana and Washington tobacco credits, we also purchased tobacco bonds from other issuers in order to keep our tobacco exposure relatively stable. During the summer, as the market sold off, we were able to find these bonds at attractive prices in the secondary market.

In NQI, we also were active in areas where we saw value, including the transportation sector, where we added to our airport exposure. In addition, we increased our emphasis on pre-refunded bonds by purchasing some of these credits in the secondary market. NQI also experienced pre-refunding activity within its holdings, which increased our allocation to this segment of the market and enhanced the Fund's credit quality profile. During this reporting period, we reduced NQI's exposure to health care and dedicated tax bonds, which are backed by revenues from sales and use taxes.

Our focus in NIO, NVG and NEA during the reporting period was on maintaining the Funds' positioning, as we believed they were well situated for the existing environment. During the market sell-off, we took advantage of attractive opportunities to slightly increase the Funds' credit and duration profiles in light of our view that credit fundamentals generally continued to improve. As interest rates rose, these Funds focused their purchases on bonds

Portfolio Managers' Comments (continued)

with maturities of 20 years and longer, which enabled us to take advantage of more attractive yields at the longer end of the municipal yield curve. NQI's duration also extended slightly as a natural consequence of reinvesting the proceeds from bonds called as part of current refundings. These bonds were priced to short calls and therefore had negligible durations; consequently, reinvesting their proceeds in anything other than cash had the effect of extending NQI's duration. During the reporting period, all four Funds added to their exposure to the A-rated sector, which we believed offered the best credit opportunities.

Activity during this reporting period was driven primarily by the reinvestment of proceeds from called and matured bonds, which was aimed at keeping the Funds fully invested and supporting their income streams. During the early part of this reporting period, we continued to experience a number of current bond calls resulting from a growth in refinancings, which provided a meaningful source of liquidity. Although refinancing activity declined as interest rates rose in the latter months of this reporting period, we continued to have cash from the earlier refundings to reinvest. We also engaged in some tactical selling, taking advantage of attractive bids for certain issues resulting from strong demand to sell a specific issue and reinvest the proceeds into bonds that we thought offered more potential. Despite the decrease in new issuance, we continued to find opportunities to purchase bonds that helped us achieve our goals for these Funds.

As of October 31, 2013, all four of these Funds continued to use inverse floating rate securities. We employ inverse floaters for a variety of reasons, including duration management, income enhancement and total return enhancement.

How did the Funds perform during the twelve-month reporting period ended October 31, 2013?

The tables in each Fund's Performance Overview and Holding Summaries section of this report provide the Funds' total returns for the one-year, five-year and ten-year periods ended October 31, 2013. Each Fund's returns are compared with the performance of a corresponding market index and Lipper classification average.

For the twelve months ended October 31, 2013, the total returns on common share net asset value (NAV) for the four Funds underperformed the return for the national S&P Municipal Bond Index. For the same period, NQI, NIO and NVG exceeded the average return for the Lipper General & Insured Leveraged Municipal Debt Funds Classification Average, while NEA performed in line with this Lipper average.

Key management factors that influenced the Funds' returns during this reporting period included duration and yield curve positioning, sector allocation and credit exposure. In addition, the use of regulatory leverage was an important factor affecting the Funds' performance over this period. Leverage is discussed in more detail later in this report.

As interest rates rose and the yield curve steepened, municipal bonds with shorter maturities generally outperformed those with longer maturities. Overall, credits with maturities of five years or less posted the best returns during this reporting period, while bonds at the longest end of the municipal yield curve produced the weakest results. In general, while these Funds tended to have durations longer than the market average, individual differences in duration and yield curve positioning were the major drivers of differences in performance. Among these Funds, NIO was more advantageously positioned in terms of duration and yield curve, which helped its performance. The other three Funds, especially NEA, tended to have less exposure to the outperforming short end of the yield curve and greater exposure to the longer parts of the curve that underperformed.



After underperforming for many months, pre-refunded bonds, which are often backed by U.S. Treasury securities, were among the best performing market segments. The outperformance of these bonds can be attributed primarily to their shorter effective maturities and higher credit quality. As of October 31, 2013, these four Funds were similarly weighted in pre-refunded bonds, with NVG having the largest allocation due to activity over the past twelve months, as previously discussed. Housing, health care and general obligation (GO) bonds also tended to outperform the general municipal market. All of these Funds had good exposure to the health care sector.

In contrast, revenue bonds as a whole underperformed the municipal market. Among the revenue sectors that lagged municipal market performance by the widest margins were transportation, water and sewer and electric utilities. All four Funds had double-digit weightings in the transportation sector, with NQI having the heaviest exposure. Tobacco credits backed by the 1998 master tobacco settlement agreement also performed poorly, due in part to their longer effective durations and lower credit ratings. As of October 31, 2013, all of the Funds had similar exposures to tobacco bonds.

Credit exposure was another factor in the Funds' performance during these twelve months, especially during the latter half of the reporting period, as events in the municipal market led investors to avoid risk. High yield bonds came under selling pressure, and credit spreads, or the difference in yield spreads between U.S. Treasury securities and comparable investments such as municipal bonds, began to widen. For the reporting period as a whole, AAA-rated and AA-rated bonds generally outperformed A- and BBB-rated bonds. While these Funds tended to have heavy weightings in A-rated bonds, this was offset to some degree by their weightings of AAA- and AA-rated bonds. Overall, the impact of the Funds' credit exposure tended to be neutral to slightly positive for the reporting period.

During this period, two credit situations weighed on the municipal market. It is important to note that, while these situations received much attention from the media, they represent isolated events. On July 18, 2013, the City of Detroit filed for Chapter 9 bankruptcy. Detroit, burdened by decades of population loss, declines in the auto manufacturing industry and significant tax base deterioration, has been under severe financial stress for an extended period. Detroit's bankruptcy filing will likely be a lengthy one, given the complexity of its debt portfolio, number of creditors, numerous union contracts and significant legal questions that must be addressed. NIO, NVG and NEA each had small holdings of Detroit water and sewer credits, which are supported by revenue streams generated by service fees, while NQI sold its Detroit water and sewer holdings in September 2013. NIO also held small positions in Detroit GO bonds and Detroit Public School credits, both of which are insured. The Detroit Public Schools are not included in the City of Detroit bankruptcy filing. During this reporting period, these holdings had a negligible impact on the Funds' investment performance due to the Detroit bankruptcy.

Another factor affecting the Funds' holdings was the downgrade of debt issued by Puerto Rico. In 2012, Moody's downgraded Puerto Rico GO bonds to Baa3 from Baa1, Puerto Rico Sales Tax Financing Corporation (COFINA) senior sales tax revenue bonds to Aa3 from Aa2 and COFINA subordinate sales tax revenue bonds to A3 from A1. In October 2013, Moody's further downgraded the COFINA senior sales tax bonds to A2, while affirming the subordinate bonds at A3. On November 14, 2013 (subsequent to the close of this reporting period), Fitch announced that it was placing the majority of Puerto Rico issuance—with the exception of the COFINA bonds—on negative credit watch, which implies that another downgrade may be likely. While Fitch currently rates Puerto Rico issuance at BBB-, it affirmed the ratings on COFINA bonds at AA- for the senior bonds and A+ for the subordinate bonds, with stable outlooks. On December 11, 2013

Portfolio Managers' Comments (continued)

(subsequent to the close of this reporting period), Moody's announced that it also had placed its Baa3 rating on Puerto Rico GOs (and other Puerto Rico issues linked to the GO rating) on review for downgrade. These downgrades were based on Puerto Rico's ongoing economic problems and, in the case of the COFINA bonds, the impact of these problems on the projected growth of sales tax revenues. However, the COFINA bonds were able to maintain a higher credit rating than the GOs because, unlike the revenue streams supporting some Puerto Rican issues, the sales taxes supporting the COFINA bonds cannot be diverted and used to support Puerto Rico's GO bonds.

For the reporting period ended October 31, 2013, Puerto Rico paper underperformed the municipal market as a whole. These four Funds have limited exposure to Puerto Rico bonds. In NIO, NVG and NEA, the majority of this exposure is the sales tax bonds issued by COFINA, which we consider the best of the Puerto Rico issuance. Much of this exposure also is insured, which we believe adds a measure of value. In addition, the Funds hold small positions in other Puerto Rico credits, such as highway and electric utilities bonds. Over the past six months, NQI sold its positions in COFINA bonds (May 2013) and Puerto Rico GOs (September 2013), leaving the Fund with two small holdings, an insured electric power bond and an escrowed highway revenue credit. Overall, the small nature of our exposure helped to limit the impact of the Puerto Rico bonds' underperformance on the Funds.

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Fund Leverage

IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of the Funds relative to their comparative benchmarks was the Funds' use of leverage through their issuance of preferred shares and/or investments in inverse floating rate securities, which represent leveraged investments in underlying bonds. The Funds use leverage because our research has shown that, over time, leveraging provides opportunities for additional income, particularly in the recent market environment where short-term market rates are at or near historical lows, meaning that the short-term rates the Fund has been paying on its leveraging instruments have been much lower than the interest the Fund has been earning on its portfolio of long-term bonds that it has bought with the proceeds of that leverage. However, use of leverage also can expose the Fund to additional price volatility. When a Fund uses leverage, the Fund will experience a greater increase in its net asset value if the municipal bonds acquired through the use of leverage increase in value, but it will also experience a correspondingly larger decline in its net asset value if the bonds acquired through leverage decline in value, which will make the Fund's net asset value more volatile, and its total return performance more variable over time. In addition, income in levered funds will typically decrease in comparison to unlevered funds when short-term interest rates increase and increase when short-term interest rates decrease. Leverage made a negative contribution to the performance of these Funds over this reporting period.

As of October 31, 2013, the Funds' percentages of effective and regulatory leverage are as shown in the accompanying table.

	NQI	NIO	NVG	NEA
Effective Leverage*	38.43%	39.54%	38.11%	38.43%
Regulatory Leverage*	31.23%	32.55%	31.56%	31.60%

\* Effective Leverage is a Fund's effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative and other investments in a Fund's portfolio that increase the Fund's investment exposure. Currently, the leverage effects of Tender Option Bond (TOB) inverse floater holdings are included in effective leverage values, in addition to any regulatory leverage. Regulatory leverage consists of preferred shares issued or borrowings of a Fund. Both of these are part of a Fund's capital structure. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

THE FUNDS' REGULATORY LEVERAGE

As of October 31, 2013, the Funds have issued and outstanding MuniFund Term Preferred (MTP) Shares, Variable Rate MuniFund Term Preferred (VMTP) Shares and Variable Rate Demand Preferred (VRDP) Shares as shown in the accompanying table.

Series	MTP Shares			NYSE Ticker	VMTP Shares		VRDP Shares		Total
	Shares Issued at Liquidation	Annual Interest Rate	Value		Series	Value	Series	Value	
NQI	\$	—	—	—	2015	\$ 240,400,000	\$	—	\$ 240,000,000
NIO	\$	—	—	—	—	\$ —	1	\$ 667,200,000	\$ 667,200,000
NVG									
NVG	2014	\$ 108,000,000	2.95%	PRCCL	2014	\$ 92,500,000			
		\$ 108,000,000				\$ 92,500,000			\$ 200,500,000
NEA	2015	\$ 83,000,000	2.85%		2014	\$ 67,600,000	1	\$ 219,000,000	

NEA PRCCL			
		2	\$ 130,900,000
\$ 83,000,000	\$ 67,600,000	\$ 349,900,000	\$ 500,500,000

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Fund Leverage (continued)

During the current reporting period, NQI successfully exchanged of all its outstanding 2,404 Series 2014 VMTP Shares for 2,404 Series 2015 VMTP Shares. This transaction was completed in a privately negotiated offering. The Fund completed the exchange offer in which it refinanced its existing VMTP Shares with new VMTP Shares with a term redemption date of December 1, 2015.

Subsequent to the close of this reporting period, NVG redeemed all series of its MTP and VMTP Shares, at their \$10.00 and \$100,000 liquidation value per share, respectively, plus dividend amounts owed, with the proceeds from \$201,000,000 of newly issued VRDP Shares. On December 13, 2013, VRDP Shares were issued to qualified institutional buyers in a private offering pursuant to Rule 144A of the Securities Act of 1933 and NVG's MTP and VMTP Shares were redeemed on December 23, 2013.

Subsequent to the close of this reporting period, NEA redeemed all series of its MTP and 2014 VMTP Shares, at their \$10.00 and \$100,000 liquidation value per share, respectively, plus dividend amounts owed, with the proceeds from \$151,000,000 of newly issued 2016 VMTP Shares. On December 10, 2013, 2016 VMTP Shares were issued to qualified institutional buyers in a private offering pursuant to Rule 144A of the Securities Act of 1933 and NEA's MTP Shares were redeemed on December 20, 2013. NEA's 2014 VMTP Shares are anticipated to be redeemed on January 6, 2014.

Refer to Notes to Financial Statements, Note 1 – General Information and Significant Accounting Policies for further details on MTP, VMTP and VRDP Shares.

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## Common Share Information

## COMMON SHARE DIVIDEND INFORMATION

During the current reporting period ended October 31, 2013, the Funds' monthly dividends to common shareholders were as shown in the accompanying table.

	Per Common Share Amounts			
	NQI	NIO	NVG	NEA
November	\$ 0.0750	\$ 0.0730	\$ 0.0750	\$ 0.0700
December	0.0730	0.0730	0.0690	0.0680
January	0.0730	0.0730	0.0690	0.0680
February	0.0730	0.0730	0.0690	0.0680
March	0.0730	0.0730	0.0610	0.0680
April	0.0730	0.0730	0.0610	0.0680
May*	0.0730	0.0730	0.0610	0.1360
June	0.0660	0.0730	0.0545	—
July	0.0660	0.0730	0.0545	0.0685
August	0.0660	0.0730	0.0545	0.0685
September	0.0660	0.0730	0.0545	0.0685
October	0.0660	0.0730	0.0545	0.0685
Long-Term Capital Gain**	\$ —	\$ —	\$ 0.1069	\$ —
Short-Term Capital Gain**	—	—	\$ 0.0068	—
Ordinary Income Distribution**	—	—	\$ 0.0015	—
Market Yield***	6.46%	6.74%	5.13%	6.65%
Taxable-Equivalent Yield***	8.97%	9.36%	7.13%	9.24%

\* In connection with NEA's reorganization, the Fund declared a dividend of \$0.0471 per common share with an ex-date of May 1, 2013 and a dividend of \$0.0209 per common share with an ex-dividend date of May 14, 2013, each payable on July 1, 2013. These distributions were in addition to the Fund's monthly tax-free dividend of \$0.068 with an ex-dividend date of May 1, 2013, payable on June 3, 2013.

\*\* Distribution paid in December 2012.

\*\*\* Market Yield is based on the Fund's current annualized monthly dividend divided by the Fund's current market price as of the end of the reporting period. Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a federal income tax rate of 28.0%. When comparing a Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of October 31, 2013, all of the Funds in this report had positive

UNII balances for tax and financial reporting purposes.

## Common Share Information (continued)

## COMMON SHARE REPURCHASES

During November 2013 (subsequent to the close of this reporting period), the Nuveen Funds' Board of Directors/Trustees reauthorized the Funds' open-market share repurchase program, allowing each Fund to repurchase an aggregate of up to approximately 10% of its outstanding common shares.

As of October 31, 2013, and since the inception of the Funds' repurchase programs, the following Funds have cumulatively repurchased and retired their common shares as shown in the accompanying table. Since the inception of the Funds' repurchase programs, NQI has not repurchased any of its outstanding common shares.

	NQI	NIO	NVG	NEA
Common Shares Cumulatively Repurchased and Retired	—	2,900	75,258	19,300
Common Shares Authorized for Repurchase	3,845,000	9,560,000	2,980,000	2,225,000

During the current reporting period, the Funds repurchased and retired their common shares at a weighted average price per common share and a weighted average discount per common share as shown in the accompanying table.

	NQI	NIO	NVG	NEA
Common Shares Repurchased and Retired	—	—	64,858	—
Weighted Average Price per Common Share Repurchased and Retired	—	—\$	12.58	—
Weighted Average Discount per Common Share Repurchased and Retired	—	—	13.31%	—

## OTHER COMMON SHARE INFORMATION

As of October 31, 2013, and during the current reporting period, the Funds' common share prices were trading at a premium/(discount) to their common share NAVs as shown in the accompanying table.

	NQI	NIO	NVG	NEA
Common Share NAV	\$ 13.76	\$ 14.46	\$ 14.62	\$ 13.73
Common Share Price	\$ 12.26	\$ 12.99	\$ 12.75	\$ 12.37
Premium/(Discount) to NAV	(10.90)%	(10.17)%	(12.79)%	(9.91)%
12-Month Average Premium/(Discount) to NAV	(5.75)%	(5.75)%	(8.63)%	(5.52)%

## Risk Considerations

Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation. Past performance is no guarantee of future results. Fund common shares are subject to a variety of risks, including:

**Investment, Market and Price Risk.** An investment in common shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in common shares represents an indirect investment in the municipal securities owned by the Funds, which generally trade in the over-the-counter markets. Shares of closed-end investment companies like these Funds frequently trade at a discount to their net asset value (NAV). Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

**Tax Risk.** The tax treatment of Fund distributions may be affected by new IRS interpretations of the Internal Revenue Code and future changes in tax laws and regulations.

**Leverage Risk.** Each Fund's use of leverage creates the possibility of higher volatility for the Fund's per share NAV, market price, distributions and returns. There is no assurance that a Fund's leveraging strategy will be successful. Certain aspects of the recently adopted Volcker Rule may limit the availability of tender option bonds, which are used by the Funds for leveraging and duration management purposes. The effects of this new Rule, expected to take effect in mid-2015, may make it more difficult for a Fund to maintain current or desired levels of leverage and may cause the Fund to incur additional expenses to maintain its leverage.

**Issuer Credit Risk.** This is the risk that a security in a Fund's portfolio will fail to make dividend or interest payments when due.

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

**Reinvestment Risk.** If market interest rates decline, income earned from a Fund's portfolio may be reinvested at rates below that of the original bond that generated the income.

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

**Inverse Floater Risk.** The Funds may invest in inverse floaters. Due to their leveraged nature, these investments can greatly increase a Fund's exposure to interest rate risk and credit risk. In addition, investments in inverse floaters involve the risk that the Fund could lose more than its original principal investment.

**Derivatives Risk.** The Funds may use derivative instruments which involve a high degree of financial risk, including the risk that the loss on a derivative may be greater than the principal amount invested.

## NQI

Nuveen Quality Municipal Fund, Inc.  
Performance Overview and Holding Summaries as of October 31, 2013

## Average Annual Total Returns as of October 31, 2013

	Average Annual		
	1-Year	5-Year	10-Year
NQI at Common Share NAV	(5.93)%	9.75%	4.70%
NQI at Common Share Price	(15.89)%	8.44%	3.23%
S&P Municipal Bond Index	(1.69)%	6.63%	4.59%
Lipper General & Insured Leveraged Municipal Debt Funds Classification Average	(6.12)%	10.80%	5.51%

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Comparative index and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

Portfolio Composition<sup>1</sup>

(as a % of total investments)

Tax Obligation/Limited	24.0%
Transportation	18.3%
U.S. Guaranteed	13.7%
Tax Obligation/General	11.9%
Health Care	10.9%
Water and Sewer	9.0%
Utilities	5.5%
Other	6.7%

Credit Quality<sup>1,2,3</sup>

(as a % of total investment exposure)

AAA/U.S. Guaranteed	19.2%
AA	44.6%
A	29.2%
BBB	3.3%
N/R	0.5%

States<sup>1</sup>

(as a % of total investments)

California	13.9%
Florida	9.6%
Texas	7.9%
Illinois	6.6%
Washington	6.3%
Arizona	6.0%
Pennsylvania	5.9%
Colorado	4.7%

Louisiana	3.5%
Massachusetts	3.2%
Indiana	2.8%
New York	2.7%
Ohio	2.5%
Wisconsin	2.5%
Georgia	2.3%
Other	19.6%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this page.

- 1 Holdings are subject to change.
- 2 Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below-investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.
- 3 Percentages may not add to 100% due to the exclusion of other assets less liabilities from the table.

16 Nuveen Investments

NIO

Nuveen Municipal Opportunity Fund, Inc.  
Performance Overview and Holding Summaries as of October 31, 2013

Average Annual Total Returns as of October 31, 2013

		Average Annual		
	1-Year	5-Year	10-Year	
NIO at Common Share NAV	(4.10)%	9.23%	4.87%	
NIO at Common Share Price	(11.09)%	9.52%	4.22%	
S&P Municipal Bond Index	(1.69)%	6.63%	4.59%	
Lipper General & Insured Leveraged Municipal Debt Funds Classification Average	(6.12)%	10.80%	5.51%	

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Comparative index and Lipper return information is provided for the Fund's shares at NAV only. Indexes and Lipper averages are not available for direct investment.

Portfolio Composition<sup>1</sup>

(as a % of total investments)

Tax Obligation/Limited	22.6%
Transportation	14.8%
Health Care	14.1%
U.S. Guaranteed	12.8%
Water and Sewer	10.3%
Tax Obligation/General	9.7%
Utilities	6.4%
Education and Civic Organizations	5.0%
Other	4.3%

Credit Quality<sup>1,2,3</sup>

(as a % of total investment exposure)

AAA/U.S. Guaranteed	18.7%
AA	46.5%
A	25.7%
BBB	3.3%
BB or Lower	3.5%
N/R	1.2%

States<sup>1</sup>

(as a % of total investments)

California	12.4%
Florida	11.5%
Illinois	6.4%
Texas	5.5%
Ohio	5.1%
New York	4.9%

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Washington	4.4%
Indiana	4.3%
Pennsylvania	3.8%
Colorado	3.2%
Louisiana	2.9%
New Jersey	2.9%
South Carolina	2.9%
Nevada	2.4%
Massachusetts	2.4%
Michigan	2.2%
Arizona	2.2%
Nebraska	1.9%
Other	18.7%

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